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NEWS SUMMARY

GENERAL

Stewards to press tractor strike

Shop-stewards at Massey-Ferguson's Coventry tractor plant voted unanimously to urge 3,300 manual workers to continue their strike.

The Canadian-based multinational seemed to have hoped workers would overturn the stewards' militant lead. A mass meeting today will be a key test. Back Page

Terry May rioters sentenced

Ten young blacks who took part in rioting in Thornton Heath, South London, that ended in the stabbing and death of crippled teenager Terry May received sentences ranging from eight years in prison to borstal.

Mr Justice Farquharson said they had suffered "provocation and insult" from whites before the riot last June but "the revenge you took that night on totally innocent people" was "out of all proportion."

Sinai move

Egypt is to seek international arbitration to resolve differences with Israel over the Sinai border. Stoessel optimistic, Lebanon fighting, Page 5

Sadat executions

Five Moslem fundamentalists were executed in Cairo for assassinating President Sadat

Institute starts

A body to combat Europe's peace movement, the Luxembourg-based European Institute for Security Matters, was launched in Brussels by West European Christian Democrats, Liberals and Conservatives. No leading UK or French politicians have joined.

Military accord

An agreement to provide logistic support for six extra U.S. divisions in war and emergencies was signed by West Germany. Genscher backs Nato policy, Page 3

Azores base

The U.S. and Portugal started talks on renewing the contract for the U.S. air base at Lajes, Azores Islands.

Dock redundancy

Port employers announced pay-offs of up to £22,500 to achieve more redundancies among 18,000 registered dockers. Union leaders voted to "oppose totally" the reorganisation of the National Dock Labour Board.

C. Y. Tung dies

Hong Kong shipping magnate C. Y. Tung, 71, creator of one of the world's largest fleets, died. Page 5

Jailed for fraud

Hornchurch businessman Alan Eva was jailed for four years. He admitted defrauding an insurance company of more than £1m and plotting arson of the Stratford, London premises of Graphos Design Printers in 1980.

Third World funds

A UN Industrial Development Organisation report accused industrial nations of starving the Third World of funds while the gap between rich and poor states widened daily. World Bank rebuff, Page 6

Briefly . . .

Fire Brigades Union secretary Terry Parry died. Page 10

Dad's Army star Arthur Lowe died. Page 17

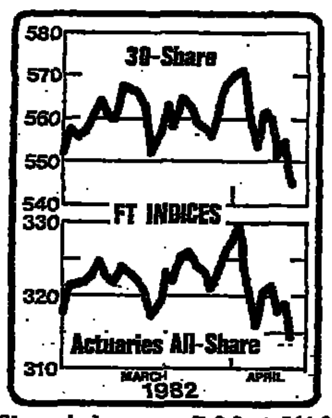
Bangladesh cyclone killed at least 10 people.

Colour TV is to be introduced to India.

BUSINESS

Equities off 9.6; Sterling improves

● EQUITIES eased on Falklands rumours. The FT 30-Share index was off 9.6 at 544.8 a fall of 4½ per cent since the crisis began. Page 36



● GILTS were also nervous. The Government Securities index lost 0.31 at 66.59. Page 36

● STERLING rose sharply in late trading to finish 35 points up at $1.762. It was firmer at DM 4.2725 (DM 4.255), FFr 11.095 (FFr 11.055) and SwFr 3.4825 (SwFr 3.455), but its trade-weighted index slipped to 89.9 (90.2). Page 28

● DOLLAR improved to DM 2.4235 (DM 2.418), FFr 6.3 (FFr 6.285), SwFr 1.975 (SwFr 1.9625) and Y248.25 (Y247.5). Its Bank of England index was 116.5 (116.2). Page 28

● GOLD fell $1.75 to $363.25 in London. Page 28

● WALL STREET was off 1.14 at $36.95 before the close. Page 34

● BRITISH living standards rank 10th among the world's 15 biggest industrial countries, the OECD said. Back Page

● FRENCH inflation and unemployment edged up last month. Retail prices rose about 1.2 per cent. and some 8 per cent of the workforce are jobless. Page 3

● CHINA is starting to call tenders for education equipment, to be financed by $200m (£115m) World Bank loans. Page 7

● MERSEY DOCKS and Harbour Company plans a severance offer of £22,500 for workers with 15 years' service. It hopes for 1,500 voluntary redundancies from 5,000 staff.

● SUZUKI MOTOR of Japan was chosen by India to collaborate with the state-owned Maruti Udyog to make small cars and other vehicles. Back Page

● RIO TINTO-ZINC 1981 net profits fell to £102.3m from £155.4m but the dividend is maintained at 16p. Page 21; Lex, Back Page

● TAYLOR WOODROW, builder and civil engineer, saw taxable profits for 1981 almost unchanged at £24.88m, after losing £4m on a Trinidad road contract. Page 20; Lex, Back Page

● NEWS CORPORATION, Rupert Murdoch's media holding company, reported six-month pre-tax profits down to A$34.3m (£20.4m) from £A$71.07m, reflecting UK trading losses. Page 26

● MORGAN CRUCIBLE, engineer, reported pre-tax profits down from £10.03m to £8.07m for the 53 weeks to January 3, with results "inevitably poor" for the UK subsidiaries. Page 20

STROH and SCHLITZ, U.S. brewers, agreed a merger deal after Stroh raised its offer from $16 to $17 a share. Page 24

● CRA, Australia's third biggest company, plans to buy half of Showa Aluminium Industries of Japan for Y25bn. (£57m). Page 26

Regan complains of 'steep recession' as production drops 0.8%

BY ANATOLE KALETSKY IN WASHINGTON

MR DONALD REGAN, the U.S. Treasury Secretary, yesterday pronounced the U.S. economy "dead in the water" as the Federal Reserve Board published another set of gloomy economic statistics.

He implied that the Administration and Congress will have to agree to curb expected federal deficits to get the economy moving again.

The economy is "in very steep recession" and is "not going anywhere—it's not going down much; it's not going up any; it's just dead," Mr Regan said on ABC Television just before the publication of industrial production figures for March. These showed a 0.8 per cent decline.

This was the seventh fall in the past eight months, and leaves current production 8.3 per cent below the level of last July.

Yesterday's figures showed that the production increase recorded in February was a statistical freak. The February increase, originally estimated as 1.6 per cent has now been revised to 1.2 per cent and Administration economists concede that it was a largely meaningless blip, due almost entirely to recovery after the unprecedented cold weather experienced in much of the country in January.

Mr Regan conceded that the long-awaited economic upturn, which he had earlier characterised as the economy "roaring back" in the spring, would begin only late this summer.

Even this would depend on a compromise between the Congress and President Reagan over the 1983 Budget to reduce the expected deficit of $102bn (£58bn), Mr Reagan implied.

"High interest rates have brought this economy to its knees," he said on television. "To get it going we have to let business know we are cutting deficits. That will be the signal business wants."

Asked if the Administration still believed that the economy would recover by the late summer, he replied that it did, "if we get this compromise (on the budget) and get these deficits down."

The Administration's official view, forcefully put by Mr Regan since the beginning of the controversy over the 1983 Budget, had been that the size of the projected budget deficit was compatible with an economic recovery this summer.

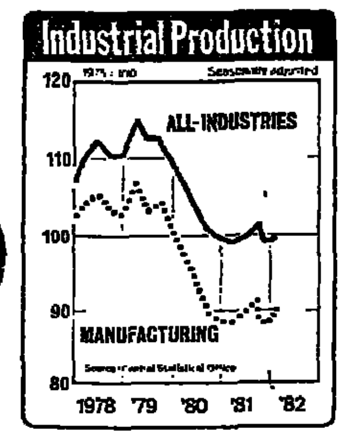
But yesterday he conceded that this recovery would be at best short-lived unless interest rates could be reduced.

The key question exercising the Administration is whether such a reduction in interest rates can be achieved on the basis of President Reagan's Budget. Mr Regan's statements yesterday may suggest that he is beginning to accept the Wall Street view that budget deficits of more than $100bn are incompatible with lower interest rates.

Mr Malcolm Baldrige, the U.S. Commerce Secretary, also said yesterday that an economic recovery will depend largely on interest rates, although he said that "all the tools are in place for a recovery to begin in June."

The Commerce Department's Chief Economist, Mr Robert Ortner, said that the March industrial production figures suggested that "maybe the recession is not going to end sharply like it has in the past. Maybe like an old soldier it will just fade away."

Reagan hint of budget compromise, Page 6
Feature and Editorial Comment, Page 19



UK industry production up slightly

By Max Wilkinson, Economics Correspondent

INDUSTRIAL output in the UK recovered slightly in February from its fall during the winter months, but the underlying performance remains weak.

Official figures out yesterday showed that the index of industrial production for February increased by 0.4 per cent from January, to 99.9 (1975=100). The average level of production during the three months to February had fallen, however, by 1.2 per cent, compared to the average for the previous three months.

Most observers had been expecting a substantial bounce-back in industrial output in February after poor figures for the previous three months (November to January), when production was disrupted by severe weather and strikes.

The figures show that the extent of the February recovery was relatively modest, although output in January now appears slightly higher than previously estimated. In February the index for all industries was no higher than it had been a year earlier, and was 13 per cent below the peak reached in the spring of 1979.

Manufacturing output rose more strongly in February, by 1.8 per cent compared to the previous month, to an index of 90 (1975=100). However, the trend of rates of production in manufacturing industries during the past three months remains downwards.

The sharpest increase in February was in the metal manufacturing sector, where output increased by 6 per cent from a low level in December and January. Output in the

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£ in New York

—	April 14	previous
Spot	$1.7645-7660	$1.7705-7720
1 month	0.32-0.37 pm	0.33-0.38 pm
3 months	0.78-0.83 pm	0.78-0.83 pm
12 months	2.45-2.55 pm	2.50-2.60 pm

Nigeria oil output rises after Opec pressure

BY MICHAEL HOLMAN

NIGERIA'S oil production has risen to 950,000 barrels a day after a dramatic fall to about 630,000 b/d at the end of last month, according to industry officials in London and Lagos.

Production on some days this month is said to have topped 1m barrels, but the officials forecast a daily average for April of 950,000, slightly up on the 930,000 b/d March average, but barely half the 1.8m b/d achieved in December and January.

The increase is partly because of Opec pressure on buyers to purchase Nigeria's Bonny Light crude at $33.50 a barrel, while comparable North Sea oil costs $31.

The forecast for April is well below the 1.3m b/d production quota for Nigeria agreed at the Opec meeting in Vienna last month. The recovery, however, is expected to ease the crisis which arose over Opec's determination to protect its weakest member by ensuring that its oil was sold.

Falling demand for Nigerian oil left President Shehu Shagari's government with a growing balance of payments deficit, forcing import cuts and a review of thecountry's $125bn (£71bn) five-year development plan. Nigeria's predicament is amajor item on the agenda for the special Opec meeting in Vienna next Wednesday.

Nigerian officials remain concerned about their current level of production, but appear unlikely to ask Opec to enforce earlier threats of reprisals against companies which have reduced liftings from Nigeria.

President Shagari said last week that unspecified companies which had been reluctant to buy Nigerian oil had changed their stand following Opec pressure. Texaco Overseas (Nigeria) was reported this week to be willing to maintain its production of 43,000 b/d, "in spite of the world oil situation."

Officials in Lagos said that Opec would discuss three issues on Wednesday: whether any members are exceeding the quotas established last month; whether there should be a further cut in Saudi Arabia's output; and whether two major companies operating in Nigeria—Shell and Gulf—should be "blacklisted" for reducing their liftings.

Dr Mana Saed Oteiba, president of Opec and Oil Minister

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Petrol price to rise

BY MARTIN DICKSON, ENERGY CORRESPONDENT

THE PUMP price of petrol is going up by 3p-4p a gallon in many towns this week as oil companies reduce their special subsidies to retailers in areas of fierce competition.

The increase — which comes only three weeks after a 5p-a-gallon rise—is evidence that the intense price war waged by the oil companies throughout the winter has greatly abated.

The companies insisted yesterday that the increase, taking the average urban pump price of a gallon of Four Star to about 163p, would do no more than reduce their losses on sales. There was speculation that further rises might be attempted if this week's increase stuck.

The upward movement was initiated by BP Oil, the third biggest wholesaler in the UK, which at the start of the week withdrew subsidies to dealers worth 3p-4p a gallon, increasing pump prices by an equivalent amount.

By last night, both Shell and Esso, the joint market leaders, had followed suit and Texaco, the fourth biggest dealer, said it expected to do the same.

In a significant pointer to the waning of the price war, Shell and BP said the move meant they had each now completely phased out "selective price support"—special subsidies given to individual dealers facing intense competition from other local garages.

However, other companies indicated that they were still giving support to individual dealers, and Shell and Esso said they were continuing to give general subsidies to their sites.

"If these were withdrawn, prices would have to rise again significantly," BP said.

The increases are due in part to a substantial rise in the price of petrol on the Rotterdam spot market. Premium grade fuel has risen from $285-$298 a tonne in mid-March to $317-$325 as Europe approaches the main motoring months of the year.

This exerts an upward influence on the price refiners expect to obtain for their product in the UK and also makes it more expensive for small dealers to ship in petrol from Rotterdam to undercut the large oil companies.

German petrol price row. Page 25

Argentines expect strong pressure from Haig

BY JIMMY BURNS AND ANDREW WHITLEY IN BUENOS AIRES

ARGENTINE officials are bracing themselves for strong political and economic pressure from Mr Alexander Haig, U.S. Secretary of State, during crucial talks due to start today aimed at preventing a war between the UK and Argentina over the Falkland Islands.

Mr Haig, who has been shuttling between Washington, London and Buenos Aires in his attempts to find a peace formula, visted Caracas yesterday for talks with Venezuelan officials on the crisis on his way from Washington to Buenos Aires.

In London Mrs Margaret Thatcher and senior Ministers had a 2½-hour meeting with defence chiefs yesterday morning at the control centre for the Falklands operation at the Ministry of Defence.

Mrs Thatcher was given a detailed presentation of the progress of the naval task force en route to the Falklands and on the general situation in the South Atlantic.

There were further contacts between Washington and London, but no direct communication between Mr Haig and British Ministers.

Downing Street maintained that the proposals Mr Haig was taking to Buenos Aires were essentially the same as those he discussed in London before he left on Tuesday.

Despite Mr Haig's stress on the need for flexibility "on both sides," the Government remained adamant yesterday that there could be no compromise over UN Resolution 502, which calls for withdrawal of Argentine troops from the islands.

However, Britain is now emphasising that it is acting as "trustee" of the islands.

This role was stressed by Mr Francis Pym, the Foreign Secretary, in a message to the Falkland Islanders last night.

It appears to mark a shift in tone from earlier British insistence on restoring administration to the islands. Britain has generally avoided reference to British "sovereignty."

Mr Haig today will discuss with President Galtieri and Senor Costa Mendez the four or five "new ideas" he says he is bringing with him, against the background of conflicting reports over the military situation in the South Atlantic.

A military spokesman yester-

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Markets nervous over Falklands

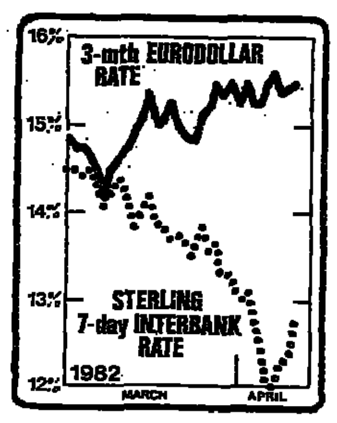
BY OUR FINANCIAL STAFF

LONDON'S FINANCIAL and equity markets remained nervous about the possible effects of the worsening Falklands Islands crisis.

In the money markets, discount houses and banks continued to sell longer-dated paper to protect themselves should interest rates rise sharply. This action has been reflected in recent days by a fall in very short rates as investors put their money into highly liquid assets.

However, yesterday saw one of the biggest shortages for several weeks in the London money markets and despite assistance from the Bank of England, short term rates rose by up to ⅞ of a percentage point. The seven day rate rose to 12¾ per cent and the three month rate edged ⅛ of a point higher ot 13⅞ per cent. Rates in hte Eurodollar market were also firmer amid worries over the political outlook.

Dealers suggested there would be a sharp rise in interest rates if Britain declared war on Argentina and an equally sharp fall in the value of sterling.



On the foreign exchange markets, the pound fell to $1.7520 at one stage yesterday, before recovering to close at $1.7620, a net gain of 35 points on the day. Its trade weighted index, as measured by the Bank of England, fell 0.2 to 89.9.

The dollar moved ahead against almost all currencies yesterday, helped by firmer U.S. interest rates and fears about this week's U.S. money supply figures. It rose from DM 2.4180 to DM 2.4235 and from SwFr 1.9625 to SwFr 1.9750. Its trade weighted index rose 0.3 to 116.5.

The London stockmarket also mirrored the general unease, with equities and gilts declining. The Financial Times industrial ordinary index, reflecting the share price movements of 30 blue chip companies, fell 9.6 points to 544.8, after dropping 9.8 points during the afternoon. Uncertainty in the Middle East and fears of a rise in short term U.S. interest rates also affected sentiment. The index has fallen 26.2 points since the British Government's decision to send a naval task force to the Falklands.

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For latest Share Index phone 01-246 8026

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:			J. B. Holdings	152	− 10
Aberthaw Cement	345	+ 25	Lilley (F. J. C.)	160	− 6
Forward Technology	38	+ 13	Lyle Shipping	240	− 20
Pentlow	85	+ 5	MEPC	202	− 5
Metramar	21	+ 5	Midland Bank	306	− 8
York Resources	30	+ 4	NatWest Bank	406	− 9
			Neil & Spencer	14	− 6
FALLS:			Pearl Assurance	384	− 14
Treas. 15½pc 1998	£106⅞	− ⅞	Plessey	360	− 10
BOC Int.	161	− 5	Rowan & Boden	21	− 3
Beecham	224	− 7	Taylor Woodrow	505	− 20
Blackwood Hodge	20	− 4	Thorn EMI	420	− 10
Cable & Wireless	238	− 6	Carless Capel	163	− 7
European Ferries	72	− 5	LASMO	323	− 17
GEC	792	− 14	NCC	63	− 7
Grand Met.	200	− 5	Shell Transport	382	− 8
Hawker Siddeley	290	− 8	F. S. Geduld	£13¼	− ¼

Rock-bottom fares fail to keep East Germans off the road

BY LESLIE COLITT IN BERLIN

Virtual free travel on the highly subsidised public transport in Europe's Communist countries has not prevented the ownership and use of private cars and motor-cycles from soaring.

An analysis of private vehicle ownership in East Germany by the West Berlin Institute of Economic Research (DIW) shows that, in 1960, public transport carried four and a half times the number of passengers as cars and motor-cycles. By 1980, however, private vehicles carried almost as many passengers as public transport.

Throughout this period, bus, tram and underground fares remained frozen at 20 Pfennigs (about 5p), while the cost of buying a car remained extremely high and the waiting period increased to at least 10 years.

East Germany's smallest and most widely sold car the tiny two-cyclinder Trabant, costs 8,000 Marks to 10,000 Marks (£1,900-£2,350), the same as in 1960, while a litre of petrol sells at a steady 1.65 Marks (38p). The average monthly wage in East Germany was 800 Marks (£188) last year, according to DIW.

The institute's revealing study of transport in the most advanced Communist country shows that the enormous increase in private cars and motor-cycles has been almost wholly spontaneous. The five-year plan and the annual plans in East Germany make no mention of private vehicles, although they now consume more energy than all public transport in the country.

The rapid growth of private car ownership from 17 cars per 1,000 population in 1960, to 160 per 1,000 in 1980 — the highest in Eastern Europe — has confounded the country's ideologists and planners alike.

Although a master plan was drawn up to give priority to trams and buses in urban transport, almost nothing was done to improve the petrol consumption of East German cars. The design of the highly air resistant Trabant and Wartburg cars has remained unchanged for decades and, according to the DIW report, progress has been slow in reducing their weight and in improving the carburettor and transmission

In the unplanned rush to obtain private cars, East Germany has narrowed the gap with West Germany in the ownership statistics. In 1960, 3.2 per cent of all East German households owned a private car compared with 19.6 per cent in West Germany. By 1980, 37.4 per cent of East German households owned a car compared with 67.5 per cent in West Germany.

The propensity of East Germans to save their earnings for a car is so high that when the Soviet Union last year told East Germany it would not be able to deliver a planned 50,000 Lada cars annually, East Germany was forced to import 10,000 cars from Japan and to boost imports from Czechoslovakia of the unpopular Skoda. The high price of cars in East Germany — 24,000 Marks (£5,650) for a Mazda 323—serves to soak up income which otherwise would create an inflationary pressure.

The DIW analysis concludes that East Germany and the other Communist countries have been unable to produce an alternative concept for public transport to that in the West. Rock bottom fares have failed to halt the massive swing towards private vehicles.

Eanes aims to strengthen links with Angola

BY DIANA SMITH IN LISBON

THE PORTUGUESE leader, General Antonio Ramalho Eanes began a five-day official visit to Angola yesterday. He is the first Western head of state to do so, just as he was the only such to attend the funeral in Luanda of Dr Agostinho Neto, the late Angolan leader. This, according to Angolan diplomats in Lisbon has given him a special status in their eyes.

He has taken a high-powered retinue with him: Portugal's Minister of Industry, Trade and Exports, one of the country's three "super-ministers"; six Secretaries of State; and a group of private businessmen who have either already established contacts in Portugal's former colony or hope to do so.

President Gen. Eanes is known to believe that the time is ripe for active business links between Portugal and Angola. There are specific areas, where the war-ravaged African country direly needs technical and financial co-operation. These include energy, farming, small and medium industry, food distribution, road transport, and communications.

In 1975, when the Angolan civil war was at its height, an estimated 800,000 Portuguese settlers fled the country in the space of a few weeks, leaving it almost bereft of infrastructure, tradesmen, large-scale farmers or managers. Now that the Cuban presence in Angola is said to be less desirable to the ruling MPLA party, and the trauma of hasty decolonisation has abated, there are signs that Portuguese entrepreneurs are eager to do business, and that the Angolans are ken for them to do so.

President Eanes sees his visit as a way of underlining Portugal's strong desire to co-operate with Angola. While he is there, he will visit dams and the $700m Petrangol refinery, which processes Angola's native crude oil.

There have been fears that South Africa might use the occasion of the presidential visit, and its lavish coverage in the Portuguese Press, to make further incursions into southern Angola. This has been done regularly by South African or Pretoria-financed and armed forces of Unita, the Angolan rebel movement, to try to eliminate bases of Swapo the Namibian nationalist movement.

The 600,000 Portuguese living in South Africa make it necessary for portugal to keep a particularly delicate and sometimes difficult balance between its need to protect the interests of those nationals, its growing desire to build up a strong relationship with Angola.

President Eanes (right): a special status

Foreign investment soars in Spain in first quarter

BY JANE MONAHAN IN MADRID

FOREIGN INVESTMENT in Spain has increased sarply in the first quarter of this year, and yesterday two more foreign banks—the state-owned Banco Real do Brasil and Banco Nacio Real do Brasil and Banco Nacional de Argentina—were authorised to open full banking operations.

There was a 167 per cent rise in the number of foreign investment authorisations between January and March and a 94 per cent increase in their value, compared with the same period of 1981, according to the Ministry of Commerce. Total foreign investment amounted to Pta 28.8bn (£152m) against Pta 14.8bn (£78m) in the first three months of last year. The bulk, as in the past three years, went to the automotive, mining, mineral and chemical industries, hotels and tourism, electronics and the food industries. Last month alone, there was Pta 13bn (£68m) of foreign investment—almost half the total for the period.

The Ministry says this year's increase is all the more significant as in the first three months of 1981 the level of foreign investment was high chiefly because of Barclays Bank's Pta 5.5bn purchase of Banco de Valladolid.

Meanwhile, with the establishment of the two Latin American banks, 31 foreign banks have been admitted since 1978.

University protest in Warsaw

By Christopher Bobinski in Warsaw

HUNDREDS OF Warsaw University students have signed a petition protesting against last week's sacking of their rector, Professor Henryk Samsonowicz. Some 14 of the 18 departmental deans have also signed the petition.

There seemed to be little support, however, for a 15-minute protest stoppage at noon yesterday.

The extent of the protest campaign will show the authorities how much resistance they can expect if they mount an offensive against the academic world. Such a move would cut off General Wojciech Jarulzelski's regime from any future agreement with intellectuals and push him further into the arms of the hardliners.

The dismissal of Prof Samsonowicz flouts the principle of university autonomy conceded by the Government last year and opens the way to purges among students and staff.

Warsaw University is one of the country's largest institutions of higher education and it is seen—along with the Polytechnic here and Cracow University which still retain their elected rectors—as a sign of the authorities' intentions.

Despite the calm at the university at noon yesterday, students in the History Department broke off from lectures and clustered around signing the protest petition.

DENMARK'S DEVALUATION

Pressure for further EMS adjustment

BY HILARY BARNES IN COPENHAGEN

DENMARK ASKED its partners in the European Monetary System for a 7 per cent devaluation in February, but was allowed to devalue by only 3 per cent. This has inevitably caused the markets to wonder when the Government will go for the remaining 4 per cent. The Government's current position, however, was summed up by Prime Minister Anker Joergensen: "We shall wait until the summer is over and see how things are."

Meanwhile, the business sector continues to run down its foreign exchange holdings. Another DKr 1.9bn (£130m) left the country in March, the fourth month in succession to see a substantial outflow of currency from the private sector. Public sector borrowings have kept the reserves at a steady level, but the central bank has warned several times in recent months that interest rates will have to rise unless private sector capital inflows started to increase again.

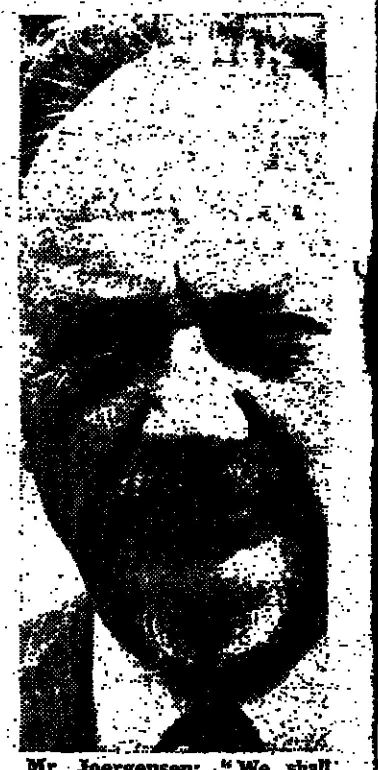
With average long-term interest rates at about 21 per cent, an unemployment level of 10 per cent and business and housing investment seriously depressed, a rise in interest rates would be as welcome as a sick headache.

The Government does not, however, seem unduly upset by its failure to get the 7 per cent devaluation it wanted. It was caught unprepared by the Belgian Government's request for a devaluation and hurriedly decided to go for an adjustment of the krone's value while the opportunity was there. But the actual percentage was not crucial. The Government prefers not to have to ask for isolated Danish adjustments, and it is particularly anxious to avoid having to ask for an adjustment during the Danish presidency of the EEC in the second half of this year.

Nor has the Government's experience of being denied its requested devaluation rate brought disillusion with the EMS, to which the Danes attach great importance. The European Monetary System brings a welcome degree of stability to exchange rate relations with some of Denmark's most important trading partners. Since the EMS provides the Danish central bank with virtually limitless access to short-term credits, there is plenty of ammunition available to fend off speculators.

February's events are seen however, as reflecting a change in the attitude to adjustments in the exchange rate, especially on the part of West Germany. The failure to obtain the 7 per cent devaluation in February probably had as much to do with the complications caused by the continuing negotiations for a new Common Agricultural Policy price agreement and France's opposition as with the apparent desire of the Germans to emphasise the importance of a stable exchange rate but there was, as a Danish official said, a certain tightening-up in German attitudes. Earlier in the history of the EMS West Germany seemed to approve adjustments coming sooner rather than later, but it now wants to see evidence of damage before adjustments take place.

Denmark's inflation and balance of payments problems herald continuing currency weakness. Indeed Government medium-term economic policy explicitly recognises the possibility of successive adjustments of the krone exchange rate. The Government is committed to improving Denmark's international competitiveness by 2 or 3 per cent a year. While it is hoped to bring this about by wage restraint, devaluation will be used where wage restraint fails.



Mr Joergensen: "We shall wait and see"

This year wages are expected to increase by around 12 per cent, which is rather faster than in most partner countries. February's 3 per cent devaluation alone would not seem to be enough to bring about the desired improvement in the country's competitiveness. The current prospects are for a further deterioration in competitiveness in 1983, according to the official economic survey published recently.

A package of major economic policy measures planned by the minority Social Democratic government for June should change the country's economic outlook. If the Government does not get its way it will resign but Mr Joergensen, will not necessarily call an election; he may choose instead to let the Right-centred Opposition parties form a government.

There are three measures being prepared by the Government. First is a scheme to combat youth unemployment—running at about 16 per cent—in which the under-25s will be offered either a job or training. The second group of measures will be designed to help agriculture out of its financial crisis, though the present indications are that the help will be in forms which will be unacceptable to the farmers.

Third, the government will have to raise taxes to pay for these measures, with the subsidiary but important intention of restraining the growth of private consumption, which is expected to increase by about 2 per cent in real terms this year and by 3 per cent or more in 1983.

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U.S. Ambassador Mr Arthur Burns (left) and West German Foreign Minister Herr Hans Dietrich Genscher sign a new military treaty

Genscher backs Nato's flexible response policy

BY JAMES BUCHAN IN BONN

HERR Hans Dietrich Genscher, West Germany's Foreign Minister, yesterday weighed into the debate over whether Nato should renounce first use of nuclear weapons with a strong endorsement of the alliance's present retaliation policy.

Herr Genscher was speaking at the signing of a U.S.-West German military treaty providing for German support of the U.S. military units which would be brought in at a time of crisis or war.

Herr Genscher took the opportunity to repeat West Germany's support for flexible response. This aims at deterring aggression by leaving open the level of retaliation Nato would select but includes the possibility of a Nato first nuclear strike. He said flexible response was a proved means of securing deterrence against superior Warsaw Pact conventional forces.

The debate over the renunciation of first use of nuclear weapons, first proposed by the Soviet Union, started again earlier this month when four former U.S. senior officials proposed renunciation in an article in Foreign Affairs magazine.

Their arguments, which included a shift to stronger Nato conventional forces, were immediately rejected by Mr Alexander Haig, the U.S. Secretary of State.

Herr Genscher referred to Mr Haig's comments as an "impressive reaffirmation" of the basic security concept of the alliance.

"If deterrence is to be reliable, it must take into account the conventional superiority of the other side."

The advantage of flexible response was that it could "preclude aggression at any level."

Other West German officials and politicians have opposed the first strike proposals on a number of grounds — that Berlin is indefensible without nuclear weapons, that a protracted conventional war would destroy Germany anayway, and that a build-up of conventional forces would entail expenditure the West German economy could not afford.

The Government is at present committed to accepting a new generation of U.S. nuclear missiles from next year should current U.S.-Soviet negotiations fail and despite bitter opposition to the missiles.

The new U.S.-West German agreement, known as Host Nation Support, provides for the call-up of 90,000 West German reservists to support the six extra U.S. divisions which would be flown to West Germany in time of war to reinforce the strength of foun U.S. divisions.

The West Germans would undertake a range of logistical and support services, thus freeing U.S. resources for front line duty. The programme, which runs until 1987 and is to be staffed in peacetime by about 1,200 West German troops and 600 civilians, is expected to cost more than DM 1.2bn (£279m) share equally between the two countries.

Romania debt accord moves a step nearer

By David Buchan

THE PROSPECT of financially-beleaguered Romania reaching agreement with its Western creditors to reschedule repayments of nearly $3bn worth of its 1981-82 foreign debt is expected to move a stage nearer in key talks next week in New York.

An informal steering group of nine Western banks had already agreed to meet on April 19-20 to continue work on an "information package" about Romania's financial problems and prospects, for eventual presentation to a wider circle of more than 300 creditor banks in the West. But reports yesterday that Mr Iulian Bituleanu, the Romanian Deputy Finance Minister, will also attend the New York meeting, suggest the crucial information package may be finalised in the next few days.

The International Monetary Fund, of which Romania is the sole member among Comecon countries, is playing a key role in prodding the traditionally secretive country to release the detailed information demanded

Six months ago the IMF halted a further $750m payment of a standby credit to Romania after it broke one of the credit's conditions by falling into arrears on payments to foreign banks.

Romania and the nine-bank steering group are discussing a plan for Bucharest to repay 80 per cent of its $500m arrears from 1981 and of its $2.4bn principal repayments due this year over a period of six and a half years.

One sensitive point, however, is that the steering group, which includes some of Romania's biggest creditors and the only two Western banks (Manufacturers Hanover and Societe General) to have offices in Bucharest, has, as yet, no mandate to negotiate for other creditors.

CONSUMER PRICES RISE 1.1-1.2% IN MARCH

French inflation rate gathers pace

BY DAVID HOUSEGO IN PARIS

THE FRENCH inflation rate picked up momentum in March, after slowing down in recent months. According to figures from Inse, the official statistics institute, consumer prices rose by 1.1-1.2 per cent in March against 1 per cent in January and February, 0.6 per cent in December and 0.9 per cent in November.

The higher inflation rate risks added to the pressure on the franc, though the Bank of France yesterday took the bold step of marginally lowering the day-to-day money market rate to 16¾ per cent from 17 per cent. It was the second time the rate has been brought down since being sharply raised in late March from 14¼ to 18 per cent in defence of the franc.

In contrast to France, the latest OECD figures show that the inflation rate is falling rapidly in most other industrialised countries. Consumer prices rose by only 0.3 per cent in West Germany in February (5.9 per cent in the 12 months to February), 0.3 per cent in the U.S. (7.7 per cent over the 12-month period) and were stable in Britain (11 per cent). For France, the OECD reports a rise of 14 per cent in the 12 months to February.

The Government is playing down the significance of the March increase which has been largely anticipated because of a 10 per cent increase in electricity prices during the month and a 7 per cent increase for gas. Public utilities have been told to limit their price increases as part of the Government's campaign to hold down inflation.

The bad news over prices comes in the wake of other discouraging trends in the economy. Insee and the Bank of France have recently reported a slowing down in industrial activity in the early months of the year and that industry foresees a continuing fall in private investment.

M Pierre Mauroy, the Prime Minister, is to meet industrial leaders today when he is expected to announce a lightening of industry's tax burden in an attempt to revive investment. Throughout this week he has been receiving union leaders to explain the concessions to employers and win their active co-operation.

Other difficulties facing the Government are the expanding budget and trade deficits.

The new inflation figures inevitably throw into doubt the Government's chances of achieving its target of a 6.2 per cent increase in inflation for the first six months of the year.

This goal did not allow for the sharp rise in the dollar which has pushed up import prices. It is also unclear whether industry will seek larger price increases to offset rises in costs as a result of new welfare measures such as the shorter working week.

One arm of the Government's anti-inflation campaign also came to an end yesterday when the three months' truce on prices which has been in effect in certain reatail stores expired.

Protest march at Renault

SEVERAL HUNDRED striking workers marched through Renault's assembly plant at Flins yesterday as unions pressed their demands for higher pay and expanded benefits, AP-DJ reports from Paris. No incidents were reported, however, during this latest outbreak of labour unrest at the factory, which has virtually crippled production of the Renault 5 and Renault 9 models.

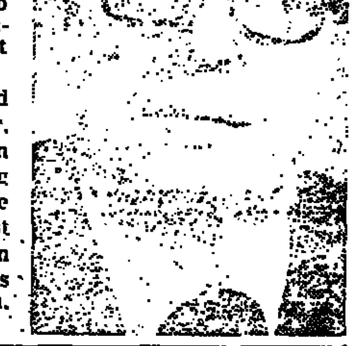
Union spokesmen said between 60 and 1,000 workers managed to enter the plant and called on fellow employees to join the strike that began last Friday.

Renault and union representatives were due to resume negotiations yesterday afternoon after talks were broken off on Tuesday. The new bargaining session was arranged after the management agreed to end a lock-out of 6,900 employees, who had been laid off since Saturday.

Renault announced the lay-offs after about 2,000 assembly line workers walked off their jobs last Friday in protest at a new job classification system that imposed restrictions on their pay scales.

Former minister found dead

BY DAVID WHITE IN PARIS



THE DEATH was reported yesterday of M Louis de Guiringaud (71), French Foreign Minister from 1976 until his retirement in 1978. Police said they were treating the case as suicide. A hunting rifle was found by the body.

The second of three foreign ministers to serve under President Giscard d'Estaing, M de Guiringaud had earlier been given the job of organising preparations for the North-South dialogue.

His career as minister, where he had to operate in the shadow of a head of state who regarded foreign policy as his own domain, was marked by a series of incidents which gave him a reputation for impulsiveness.

This included a tumultuous visit to Tanzania, where he was greeted with anti-French banners and left the country immediately, and, at the end of his term of office, an outburst against the Christian militias in Lebanon whose cause until then had received widespread favour in France.

These "affaires," together with a rather military bearing and clipped speech retained from his wartime role as captain in a Moroccan cavalry regiment, combined to create a public image that tended to obscure his qualities of intelligence and strongly felt convictions.

His diplomatic career spread over 40 years. After the war, during which he took part in the Resistance before leaving for Algiers and joining the Free French forces, his first post was in the embassy in London. His subsequent posts included Ghana, Algeria, Japan and United Nations.

Italian PM seeks compromise on pay issue that threatens coalition

BY RUPERT CORNWELL IN ROME

AN EMERGENCY meeting of Italian experts and government ministers was under way last night in an attempt to find a compromise over severance pay reform, an issue which has become a grave political and economic threat to the fragile coalition of Sig Giovanni Spadolini.

The talks follow the previous failure of the five coalition parties to agree among themselves on the draft law presented to Parliament. It must be approved within a month if a potentially devastating referendum on the issue is to be avoided.

Such a referendum, which would be held on June 13, has been promoted by Democrazia Proletaria, the tiny far-Left political party. In the likely event of it approving the law, industry could face a bill for as much as L25,000bn (£10.7bn), or about 10 per cent extra on labour costs.

Severance pay, equivalent to around one month's salary for every year worked, is standard for all Italian employees. But, since 1977, it has been based only on a basic salary, excluding increases under the *Scala Mobile* wage indexation mechanism. It is this provision which the referendum seeks to revoke. The consequence would be lump-sum backdated payments, covering up to five years, by industry workers who had retired in the intervening period.

For the country's hard-pressed companies, the results would be devastating, and jeopardise not only the key wage contract negotiations due in 1982, but also the survival of the *Scala Mobile* system itself. Such moves in turn would almost certainly lead to a head-on confrontation with the trade unions.

On the face of it, the omens last night were reasonable that a compromise might be reached, although concessions will have to be made to the powerful Communist opposition if it is to allow the provision to proceed through Parliament in the short time available.

However, all calculations are complicated by the fact that one other way of preventing the referendum does exist: a dissolution of Parliament and an early general election. This outcome would be favoured by the Socialist and Social Democrat components of the coalition.

Sig Spadolini himself has come up with a replacement proposal whereby the backdated benefit would be phased in over a three-year period, but the total amount woudl be only partially protected from inflation.

Netherlands unemployed increase

The Dutch unemployment rate took another upward leap last month, rising to 11 per cent of the workforce in March, AP reports from The Hague. According to seasonally adjusted figures, the number out of work rose by 17,800 to a post-war peak of 482,000, a ministry spokesman said. The figures do not include the estimated 600,000 people receiving disability payments from the state and not holding jobs.

West German sales

West German retail sales were a provisional 6 per cent down in volume in February from the same month in 1981, following year-on-year falls of 7 per cent in January and 1 per cent in December, Reuter reports from Wiesbaden. Largest falls were recored in coal and mineral oil products (down a real 13 per cent) and pharmaceutical and cosmetic goods (down 9 per cent).

Madrid officer freed

Spain's Supreme Council of Military Justice yesterday gave provisional liberty to Capt Francisco Ignacio Roman, a Guardia Civil officer and one of the 32 facing court martial on rebellion charges following the coup attempt of February 23, 1981. AP reports from Madrid. He has already served two-thirds of the 18-month prison terms the prosecution is seeking

Police chief jailed

A Belgian court has convicted Mr Leon Francois, the former commander of the police anti-drug squad, of drug trafficking and deception, Reuter reports from Brussels. The judgment ends a sensational case which has focused public attention on police methods in combating Belgium's growing narcotics trade.

THE FALKLANDS CRISIS

Defence Ministry doubts challenge to blockade

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

THE MINISTRY of Defence says there are signs that Argentine warships may put to sea but it doubts the vessels will challenge Britain's 200-mile blockade around the Falkland Islands.

The blockade, termed a maritime exclusion zone (MEZ), was established at 0400 GMT on Monday and the Ministry said categorically yesterday that "no major Argentine warship or naval auxiliary" had entered the zone since then.

Reports indicated that the "vast majority" of the Argentine Navy had been in ports on the mainland since Monday, a Ministry official said.

If "some elements" of the Argentine fleet were to leave harbour, as reports suggested, "we do not believe they would risk breaking the MEZ" even though they might skirt it for propaganda to boost Argentine morale.

The official said he had no authoritative reports that two 90 feet patrol craft had penetrated the zone and had docked at Port Stanley, the Falklands capital, as Argentina had claimed. He said that such reports, including those that spoke of the reinforcement of the islands by 9,000 Argentine troops, should be treated with "caution, and even cynicism." However he accepted that the term "major warship" would not apply to a patrol craft.

Suggestions that one of the two aircraft carriers with Britain's naval task force was suffering from engine defects has again been denied by the Ministry.

Lord Wigg, the Labour peer, had suggested that HMS Hermes had lost speed and slowed down due to engine trouble. However, Admiral Sir Henry Leach, the First Sea Lord, has said the ship is "fully operational and has no limitations on her speed or any impediments in her full operating capability."

The British task force, as officially announced, comprises 16 major warships and a dozen royal fleet auxiliary support and supply vessels. A further 23 merchant ships have been requisitioned or chartered.

The force and its support ships will be carrying up to 40 Harrier fighters, 40 to 50 helicopters, eight landing craft and light tracked and heavy wheeled vehicles of various sorts. Exact numbers of the several thousand men on board have not been confirmed. Neither has the reported presence, in support of the 200-mile blockade of the Falklands, of up to four Swiftsure class 4,000 ton nuclear-powered submarines.

Mrs Thatcher, the Prime Minister, announced yesterday that Nimrod reconnaissance aircraft were being used from Ascension Island, which was being reinforced with men and equipment.

The force's flag ship is named as the 24,000 ton aircraft carrier HMS Hermes. HMS Invincible, which has been sold to Australia for delivery next year is the other carrier in the force.

Other Royal Navy warships: two assault ships, two County class destroyers three Type 42 destroyers, two type 22 frigates, two Type 22 frigates, three Type 21 frigates, two Type 12 frigates.

The Royal Fleet auxilaries: five of Britain's six logistic landing ships, five RFA tankers of between 18,000-40,000 tons, a fleet replenishment and a stores support ship.

Merchant ships requisitioned or chartered: the liner Canberra (troop ship), Uganda (hospital ship), container ships Elk and Atlantic Conveyor (for carrying armoured vehicles and extra fighter aircraft), nine oil company tankers, four trawlers (probably for minesweeping), a North Sea supply ship, three tugs and two other supply vessels.

● RAF Nimrod maritime reconnaissance jets arrived at the airfield on Ascension Island at the weekend, it is understood.

It is likely that at least two squadrons of these long-endurance sophisticated aircraft based on a civilian Comet jetliner airframe, would be needed to maintain the sore of surveillance the navy requires.

The distances involved would mean a large number of aircraft would be required to keep one continually on station over the 200 mile MEZ.

Menendez: 'ready to repel any aggression'

By Jimmy Burns in Buenos Aires

ARGENTINA'S desire to remain on the Falkland Islands was underlined yesterday by Gen Mario Benjamin Menéndez, the new military Governor, in his first full interview since taking office. Gen Menéndez told the Argentine news agency DYN, that "they (Britain) are not going to get us out of here."

He said that the 9,000-odd troops on the islands "were ready and fully trained to repel any aggression."

General Menéndez, who was formally installed as Governor last Wednesday, admitted that the islanders would find-find it very difficult to adapt to the Argentine way of life, but emphasised that the priority of his administration was the eventual incorporation of the island into the Argentine political and economic system.

Gen Menéndez said that changes on the island would take place in a transitional phase under military governorship but that the local administration would eventually pass to civilian hands, although "it was too early to talk of a definite timetable."

Gen Menéndez' statements were made against the background of a visit to the island by a top economic team led by Sr Manuel Solanet, the Argentine Secretary for Finance.

The visit, the first working trip by civilian members of the Argentine government since the military occupation of the islands, on April 2, focussed on plans to turn the Falkland Islands into a free port zone.

Such a measure would give the islanders similar privileges to those enjoyed by Argentines living in Ushuaia in Tierra del Fuego on the mainland.

These include exemptions from income tax and value added tax and generous export incentives. The economic team also considered ways of unifying the local currency. Since the military occupation of the islands, the local population and the troops have been using Falkland pounds, sterling and the Argentine peso in commercial transactions without a clear exchange rate being established.

Chile watches with apprehension as fleet advances, Mary Helen Spooner reports

Pinochet fears new threat to Beagle Channel


Argentine soldiers at lunch on Port Stanley docks.


Gen. Pinochet

AS THE British fleet neared the Falkland Islands this week, no country was watching with greater apprehension than Chile.

Gen Augusto Pinochet's military Government has denied reports that Chile would lend port facilities or other assistance to the fleet and has sought to maintain a neutral stance in the conflict.

Chile faces potential threats to its interests in the event of two possible endings to crisis. If Argentina is not sufficiently discouraged from its occupation of the Falklands, the Galtieri regime might next attempt tos eize the three islets claimed by both countries in the Beagle Channel. Yet the Chileans also fear that, if Argentina is forced to withdraw in too himiliating a manner, the subsequent wave of nationalistic indignation could also encourage Argentina to make a grab for the disputed islands.

Last week Sr Sergio Onofre Jarpa, Chile's Ambassador to Buenos Aires, said this country had supported Argentina's historic claim to the Falklands in international forums.

The Argentines are thought to have assured the Chileans that their Falkland invasion was in no way directed against Chile.

Nevertheless, the Falklands crisis invariably touches the longstanding territorial tensions between the two countries. A diplomat in Santiago put it this way: Many Chilean officials, he said, would like nothing better than to see the Argentines get a "bloody nose" at the hands of the British navy.

"There is some smirking behind this neutral stance," he said. Not surprisingly, the Argentines suspect the Chileans of pro-British sympathy.

If there are pro-British currents in Santiago these days, they are as much cultural as political. The Chileans have sometimes been referred to as "the English of South America." The country is also said to have a British navy, an American air force, a Prussian army and an Italian police force. The Anglo-Chilean community maintains a school and a country club in Santiago, and a disproportionate number of British descended Chileans are to be found in the ranks of the country's naval officers. An American resident in Santiago, familiar with the Chilean navy, recently commented that many of the country's naval officers spoke better English the he did.

The Chilean Press has been highly critical of the Argentine seizure of the Falklands, in some cases calling the move a violation of international law and recalling Argentina's rejection of a 1977 British arbitration of the beagle Channel dispute awarding the islands to Chile.

Equally, however, there appears to be little motive for Chile to take sides in the Falkland Islands crisis, barring an overt Argentine attack on Chilean territory. Any military engagement would be costly and the Pinochet regime has sought above all to maintain its economic successes attained before the recessionary downturn made itself felt in mid-1981. Even a mobilisation of troops would cost millions of dollars, according to one military official.

Meanwhile, President Gregorio Alvares of Uruguay, who is in Santiago for a four-day official visit, also maintained a bland public position on the crisis.

At a Press conference yesterday, he declined direct comment on the Falklands crisis and, in response to a question, said he would make no statement on Uruguay's potential reaction to an outbreak of open warfare between Britain and Argentina in the South Atlantic.

Chile and Uruguay signed a joint statement on Wednesday condemning terrorism in Latin America and expressing their governments' concern for the "increase in international tensions."

In a speech at the signing ceremony, Gen Pinochet said Chile rejected the use of force to resolve disputes among nations, an apparently critical reference to Argentina's invasion of the Falklands.

British wool industry most affected by ban on trade

BY BELINDA NENK

THE UK WOOL Iindustry is emerging as the major loser through the ban on trade with Argentina, according to a director of Kassapian (Combers), the Bradford wool merchants.

In 1980, textile fibres worth almost £10m entered the UK from Argentina. The wool industry, mainly centered in the north around the city of Bradford, is increasingly anxious that the ban should end as soon as possible.

Kassapian has a turnover of about £3m a year, of which about £1m is trade on Argentinian wools.

Mr Tony Kassapian, a director of the company started by his family in 1888, said he has had to turn away "a worrying amount of business" since the ban was announced.

"We have had inquiries for delivery in May or June, and we are taking a risk and offering people dates from September onwards. But people do not book business only on a proviso that they may get it.

"Some people in this business have been saying that the ban has come at the end of the season, but it is still significant. There are certain specialist wools that are available only in Argentina. It will put a strain on the specialist mills."

The meat sector has also been hit, although the overall feeling in British industry is not one of immediate concern.

Most areas of industry expect alternative supplies to be available so long as the ban dies not become permanent.

Britain imported £114m worth of goods from Argentina in 1980 and more the £50m of that was meat or meat products. But the price of meat is not expected to rise as supplies are plentiful elsewhere, particularly from Australia.

The Food Manufacturing Federation said: "The overall level of trade is really pretty small, and we are unlikely to find the ban a serious source of difficulty."

Individual companies expressed varying degrees of concern. Mr Derek Owens, the managing director of Matessons Meat, said the ban would affect the company's costs, which would eventually raise prices.

But Brooke Bond Oxo, manufacturer of Fray Bentos Corned Beef — which takes about 30 per cent of the £75m UK market — said Argentina supplies only about 10 per cent of its corned beef. "If our other suppliers cannot meet the increased demand, this could lead to a shortfall, but at the moment we are not worried."

The other main imports to Britain from Argentina include oilseeds and metal ore.

The leather industry will look elsewhere to make up the rest of its supplies, according to Mr Guy Reaks, the director of the British Leather Federation. "It will stop some leather coming up but we will have to get it from other suppliers."

The British Footwear Manufacturers' Federation said the effect on the footwear industry will be "negligible."

But more concern has been expressed over the effect of Britain's exports to Argentina should it impose a similar ban. Britain exported almost £173m worth of goods to Argentina in 1980, mainly heavy industrial machinery and road vehicles.

Michael Donne, Aerospace Correspondent adds: Orders for aerospace products worth several million pounds will be held up as a result of the UK trade ban with Argentina but, overall, the effect of the ban will be much less serious than for other industries.

Westland Helicopters, of Yeovil, was working on an order for 8 Lynx helicopters, with Rolls-Royce Gem engines, for Argentina, and delivery of these aircraft, due to start this summer, is now likely to be delayed.

Other aerospace work on hand for Argentina in the industry, however, is small.

At British Aerospace's military aircraft division at Warton, Lancashire, a small team of Argentine air force personnel, working on spares support for 12 Canberra aircraft sold to Argentina some time ago, have now returned home, and all work on the support of those Canberras has been halted.

Spanish Press sees Gibraltar comparison

BY JANE MONAHAN IN MADRID

THE SPANISH Press, without exception, has reacted sympathetically to the Argentine takeover of the Falkland Islands, comparing and contrasting this dispute with Britain, with Spain's century old attempts to recover Gibraltar.

The strongest endorsement for the Argentine action has come from the most right-wing newspapers. However, liberal dailies, like El Pais and Diario 16, are taking only a slightly more moderate line.

On the extreme Right, Alcazar, a newspaper that is assiduously read by the Spanish military, has hailed the invasion as an example of "courage and good sense." It has said that the Argentine claim to the islands "is one the Spanish feel as their own both through racial identity and because the British occupation of this piece of land is as painful as that of Gibraltar in Spanish territory."

Alcazar has also announced that the leaders of the Spanish Falangist party, the only legal party during General Francisco France's time, have asked for permission from Madrid's Civil Govenor to stage a pro-Argentina demonstration in the capital on April 18.

Meanwhile, the Roman Catholis Daily, Ya, has called the Argentine action "the fulfillment of a dream." The generally more sober monarchist, ABC, has printed a photograph on its front page of the closed border between Spain and Gibraltar, with a caption comparing Gibraltar with the Failklands. Even the pro-Government liberal Diario16 ran a banner headline last weekend "Argentina recovers its Gibraltar."

Officially, the Spanish Government supports Argentina's claim to sovereignty of the Falklands but it has opposed the use of force ot resolve the dispute. None the less, the Spanish Press has made much of a statement by Prime Minister Leopoldo Calvo Sotelo last Friday when he referred to the Falkland Island crisis and announced a joint Spanish and British decision to postpone the opening of the direct communications with Gibraltar from April 20 to June 25.

The Prime Minister said: "The prolongation of colonial situations established against the territorial integrity of other countries is a cause of tensions that can lead to conflicts such as the present (Argentine) one."

El Pais, picked this up emphasising that what has occurred in the Falklands "should remind the British that, in colonial matters, patience is not infinite."

According to El Pais: "The only difference between the two conflicts is that the Falkland Islands have never ever belonged to Argentine, whereas Gibraltar was Spanish before the British seized it in 1704."

Belgians expect quid pro quo for EEC support

BY GILES MERRITT IN BRUSSELS

"EIGHT MILLION European farmers the hostages of 1,800 Britons in the Falklands" was the headline in the latest issue of the Belgian farmers' weekly, Journal des UPA, and although a bit exaggerated it tends to show that throughout the Falklands crisis the Belgians have still been keeping their eye firmly on the EEC economic ball.

Belgium, at any rate, has not forgotten that the intra-EEC disputes of budget payments and farm prices that tend to separate Britain fro mthe rest of the EEC had to be hurriedly shelved on the outbreak of the crisis. The theme that Britain should not forget the political and economic commitments of its nine partners in the imports ban against Argentina has this week been common to many Belgian editorialists.

Yet the question of the price the UK may be invited to pay in budgetary concessions in return for the Common Market's unprecedentedly rapid show of solidarity is not the dominant theme in the Belgian Press. News of what is being seen as a dramatic and fast-moving story with increasingly sinister super-power overtones, is the prime consideration.

On most days lately the Falklands crisis has driven Belgium's intractable politics and social tensions from the front pages. Gazet van Antwerpen has its London correspondent aboard "Invincible," and he reports that a naval withdrawal will be increasingly difficult.

The moral balance of Belgian opinion does, however, seem increasingly favourable to Britain, even if disapproval of the Argentinian invasion is still alloyed with doubts about Britain's "colonial" role in the Falklands. As an editorial in the influential "La Libre Belgique" put it recently: "An unjustifiable act of force against an anachronism."

French treat conflict as a farce

By David Housego in Paris

IN CONTRAST to the French Government, which has from the start warmly supported Britain over the Falklands, the French Press has tended to treat the conflict lightheartedly or as a costly adventure that at this moment Britain can ill afford.

"Everything about it," wrote Le Monde's London correspondent in Wednesday's edition "seems anachronistic. The upkeep of a colony 12,000 kms away, the gunboat diplomacy, the sailing of an 'invincible armada' and the unspoken hope of winning a new battle of Trafalgar . . ." Few French would dissent from that view.

In the eyes of the French Press, Britain has in recent years presented a sorry spectacle of a country in decline and beset by crises—Northern Ireland, a shrinking steel and car industry, racial violence and soaring unemployment. In this perspective, the prospect of a costly and long drawn out engagement in the South Atlantic does not seem worth the candle.

"Does a country" asked the Socialist leaning Le Matin at the beginning of the crisis "that has been overtaken by the diseases of the century—unemployment, urban and social sickness, need in 1982 to make a sacrifice of itself over a principle?"

The Government's reason for rallying early to the British cause has been to provide a precedent for joint EEC action in the event of a threat to France's overseas territorial possessions.

It is not a worry that has been taken up with much passion in the Press. More widely aired was the point Le Monde made on Wednesday in an editorial that British intervention could prove psychologically and politically beneficial to the Russians in South America.

But the French have, as much as anything, enjoyed the farce of the occasion. The satirical weekly Le Canard Enchainé proposed its own solution to the conflict. Recalling that it was French sailors from St Malo landing on the Falklands in 1763 that gave the islands its French name of Les Malouines and its Argentinian name of Malvinas, the weekly proposed a French force should reoccupy them. The British and Argentines would then have no reason to quarrel, it said.

W. Germans back UK stand

By James Buchan in Bonn

CHANCELLOR Helmut Schmidt's speedy show of "European solidarity" with Britain, in banning arms exports to Argentina and joining the EEC embargo on Argentinian imports, has drawn a resounding echo from the Press and ordinary people in West Germany.

There have been editorial reservations: at the anachronims or dangerous irrelevance of the conflict, at British jingoism, the sacrifice of Lord Carrington or the threat to jobs in German shipyards from the arms embargo.

But the newspapers have been almost unanimous in supporting Britain in its defence of principle. This principle can be the repulsion of violence, the right of the Falkland Islanders to self determination or the rightful defence of territory: but it is still a principle.

For many West Germans, Berlin is a similarly beleaguered outpost, threatened by an unpleasant regime and the leaders in yesterday's Frankfurter Algemeine Zeitung repeated the point: "A few years ago, we too had to rely on the firmness of our allies when Ulbricht proclaimed that West Berlin stood on East German territory."

Many papers also hope that the swift EEC response in Britain's hour of need will do much to improve the Community's image and popularity in the UK.

A Rhineland taxi driver pierced the gloom of a Dusseldorf night with this ray of cheering, if inexact, commercial morality: "Britain bought and paid for those islands," he said, banging the dashboard. "She has every right to defend them."

Portugal plays it straight

By Diana Smith in Lisbon

PORTUGAL and Britain have been allied for over 600 years, so reporting on the crisis generally has been very straight, relying heavily on international news agency copy and photographs, and free of editorial comment.

Television has kept the Falklands at the top of the evening newscasts. Again the words and pictures have generally been translations of British or U.S. television news film. But this medium has made a consistently sober and balanced chonce of material, swinging from Britain to Argentina and the Falklands themselves without attempts to take sides.

Stoessel optimistic about Israel's Sinai withdrawal

BY PATRICK COCKBURN IN JERUSALEM

ANXIETY that Israel will delay its final withdrawal from Sinai because of alleged treaty violations by Egypt, diminished yesterday as Mr Walter Stoessel, U.S. deputy Secretary of State, held talks with Israeli leaders, including Mr Menahim Begin, the Prime Minister.

Mr Stoessel said he is optimistic that he will be able to successfully iron out differences between Egypt and Israel, while senior Israeli officials gave further details of Egyptian action to which Israel objects.

Mr Walter Stoessel: ironing out differences

The most important of these is the smuggling of arms from Egypt to Palestinians in Gaza, with the acquiesence of senior Egyptian officials, some 200 grenades have been found in the last two weeks, in addition to 500 grenades discovered on their way to Gaza in March, officials said.

They added that, in the past, the Egyptians had been able to curtail the arms traffic when requested to do so by Israel, and there is no reason they should not do so again.

Israel is also worried by the tone of Egyptian propaganda and what it sees as Egyptian President Hosni Muharak's desire to mend his fences with other Arab states at Israel's expense.

The tone of talks with Mr Stoessel, who is now to fly off to Cairo, seems to indicate that Israel will not ultimately delay its withdrawal, although it wishes to keep Egypt and the U.S. guessing at its intentions.

Meanwhile, the strikes by Palestinians in Jerusalem and the occupied territories in protest at last Sunday's attack on the Temple Mount, seems to have remained solid. Observers note that demonstrations have occurred in isolated villages which had formerly been politically passive.

In Gaza at least four people were injured, two critically, in demonstrations, according to Palestinians. A grenade was thrown at an Israeli lorry but exploded harmlessly.

Talks fail to resolve border row

By Charles Richards in Cairo

ISRAEL AND Egypt yesterday failed to settle a dispute over their future Sinai frontier but Mr Kamal Hassan Ali, the Egyptian Foreign Minister insisted Egypt is confident Israel will complete its withdrawal from Sinai as scheduled in 10 days' time.

He was speaking after talks between the President Hosni Mubarak of Egypt and Mr Ariel Sharon, the Israeli Defence Minister, who is on a brief visit to Cairo.

Mr Sharon's visit was arranged last month to discuss a border dispute at Taba, south of Eilat. Egypt has suggested a compromise under which Israel would withdraw from the area, which would then be policed by the multinational force and observers (MFO), until the dispute is settled by arbitration—a compromise rejected by Israel.

Since the visit was arranged, Israeli Ministers have aired accusations that Egypt has violated the Camp David peace treaty, and have threatened to delay Israel's final withdrawal from Sinai.

They say Egypt had been assisting the Palestine Liberation Organisation, by turning a blind eye to the smuggling of arms from the Egyptian-controlled Sinai town of Al Arish into the Israeli occupied Gaza Strip: that Egypt has shifted away from Israel—as shown in Egypt's 11-point plan on the Palestinians, presented to a meeting of non-aligned states in Kuwait last week: and that it has exceeded troop limits in areas of Sinai already handed back to Egypt.

Mr Hassan Ali has rejected these charges as groundless and said Israel had not complained officially to Egypt.

25 dead in Lebanon fighting

By Ihsan Hijazi in Beirut

LARGE-SCALE fighting between rival Shi'ite and leftist factions has spread to the capital, Beirut, which resounded to the blast of explosions all night Wednesday and early yesterday as the combatants traded rockets and artillery shells in a number of residential quarters.

The clashes were between militiamen of Amal, the Shi'ite paramilitary organisation, and mebers of the National Movement Alliance which is supported by Palestinian guerrillas. The confrontation, furthermore, is turning into one between the Shi'ites and the Palestinians.

According to initial reports, as many as 25 people lost their lives in two days of fighting in South Lebanon and Beirut.

The Palestine Liberation Organisation issued a statement denying charges by Sheikh Mohammed Chamseddin, the top Shi'ite religious leader, that guerrillas had taken part in the bombardment of Shi'ite villages in the south.

In Beirut, the fiercest battles centred in the heavily populated southern suburbs where a large Shi'ite community residents. These suburbs are also near Palestinian refugee camps.

Beirut Airport reopened yesterday after closing the night before because of shells falling nearby and because roads were cut off by gunmen.

An uneasy truce was arranged but analysts here do not expect it to last. Several shells fell on Moslem residential areas yesterday

In Southern Lebanon, the clashes yesterday spread to the area controlled by the United Nations peace-keeping force, known as Unifil.

OBITUARY — C. Y. TUNG

Shipping magnate willing to take risks

MR C. Y. TUNG, the Hong Kong shipping magnate who built up one of the world's largest merchant fleets, died of a heart attack yesterday at the age of 71. He had fallen ill on Wednesday night, after a banquet given in honour of the visiting Prince Rainier and Princess Grace of Monaco, which he attended as Monaco's honorary consul in Hong Kong. He was taken to hospital and died in the early hours of the morning.

Tung Chao-Yung, like many Hong Kong industrialists, was born in Shanghai and laid the foundations of his fortune there before moving to Hong Kong in 1949. His shipping career began when he founded the Chinese Merchant Navigation Company shortly after the Second World War.

Over the next 35 years, the C. Y. Tung group grew to embrace 150 ships totalling some 11m deadweight tons. Its quoted arm, Orient Overseas Container (Holdings), bought Britain's Furness Withy Group two years ago for £113m.

Mr Tung has shared the public eye with Sir Yue-Kong Pao as the most successful of Hong Kong shipowners. Benefitting from extensive partnership with the Japanese, favourable tax conditions and local expertise, the Hong Kong-controlled fleet is now second in size only to that of the U.S.

Sir Y. K. Pao and Mr Tung are regarded, however, as having differed in their approach to the shipping business. The former has been said to look at ships with something of a banker's eye for the secure-yielding investment. Mr Tung, however, is said to have been primarily interested in operational opportunities, with a willingness to take risks.

Mr Tung was always a lover of big ships, even when they were out of favour elsewhere. In 1958, his 70,000 ton tanker Oriental Giant was a titan of its time. In December, 1980, the completion of the half-million ton Seawise Giant realised his dream of owning the world's largest ship. The bigger the ship, he maintained, the more economical the running costs.

Another of Mr Tung's notable acquisitions was the former Cunard liner Queen Elizabeth I, which he converted into the punningly-named Seawise University. Sadly, in 1972 the ship caught fire and capsized at its mooring off Stonecutter's Bay in Hong Kong harbour.

Mr Tung is survived by his wife, three daughters, and two sons, one of those sons, Mr C. H. Tung, succeeded to the chairmanship of OOC (H) in 1977, and has been progressively taking over the day-to-day running of the group.

Among local businessmen paying tribute to Mr Tung yesterday, Mr Trevor Bedford, Hong Kong Land managing director, described him as one of Hong Kong's great men . . . we will feel his loss deeply.

R.C.

Botha likely to meet critic of race policies in 'near future'

BY BERNARD SIMON IN JOHANNESBURG

MR P. W. BOTHA, the South African Prime Minister, is likely to meet President Kenneth Kaunda of Zambia "in the near future," Mr Botha said yesterday. He gave no indication of where or exactly when the meeting will take place.

Dr Kaunda is an outspoken critic of the South African Government's race policies, but has stopped short of breaking all contacts with Pretoria. He met Mr Botha's predecessor, Mr John Vorster, in a railway carriage on the Victoria Falls bridge between Zambia and Zimbabwe in August, 1975, and Zambian officials have regularly visited Pretoria since.

In an interview with a Johannesburg newspaper last month, Dr Kuanda said he wanted to meet Mr Botha to discuss "potentially explosive" developments in Southern Africa, including the future of Namibia and racial tension inside South Africa itself.

Mr Botha reacted by saying that the Government was always willing "to discuss matters of common concern with leaders of other countries," but that Dr Kaunda was misinformed about conditions in South Africa.

Mr Botha hinted in his statement yesterday that the Government of Lesotho had played a key role as an intermediary in setting up the meeting with Dr Kaunda. He said that Mr Pik Botha, the Foreign Minister, and himself recently held discussions with Basotho officials in Pretoria, after which the possibility of a meeting with Dr Kaunda was raised.

Despite their political differences, South Africa and Zambia have close commercial ties. South Africa exports large quantities of foodstuffs, chemicals, machinery and building materials to Zambia, while a large proportion of Zambia's copper exports is shipped through South African ports.

S. Africa may prove rallying cause in Zambia election

BY MICHAEL HOLMAN IN LUSAKA

"UNIP," DECLARED the television announcer at the beginning of the main evening news bulletin, "is a gift to the nation."

Whether Zambia's 6m people, who go to the polls next year, agree is difficult to assess. The United National Independence Party (UNIP) has been the country's sole legal political organisation since 1972. Only UNIP's nominated candidate may stand in the presidential election, and the party has the power to veto unacceptable parliamentary candidates — 29 were so barred in the 1978 campaign.

In the past six years, voters have seen a steady decline in their standard of living and the quality of social services as a result of the mid-1970s slump in the price of copper—Zambia's main export.

Meanwhile, the end of the Rhodesian guerrillla war, an issue which on the whole served to unify the country as fighting spilt over the border, has turned the electorate's attention to domestic matters, such as the long-running treason trial of 13 citizens—including a former governor of the Bank of Zambia, accused of plotting the overthrow of President Kenneth Kaunda's government in October 1980.

However, Dr Kaunda, absent from the international stage since Rhodesia became Zimbabwe two years ago, has put himself back in the headlines—and for a while diverted the electorate — with his dramatic offer last month to meet the South African Prime Minister, Mr P. W. Botha.

Dr Kaunda's offer took observers by surprise, coming as it did soon after a meeting of the six African front-line states in Maputo, Mozambique. It was attended for the first time by Mr Oliver Tambo, president of the African National Congress (ANC) of South Africa, as well as Mr Sam Nujoma, leader of the South-West Africa Peoples Organisation (SWAPO) which is fighting for independence in Namibia.

The meeting's communiqué was especially forthright in its denunciation of what it called "Pretoria's destabilising tactics in the region." Informed sources say that Dr Kaunda did not canvas the Botha meeting there. Nevertheless, senior Zambian officials declare that the President's offer was calculated, and not an off the cuff proposal.

While concern about apartheid and its effects on South Africa and Namibia, where settlement negotiations appear to have reached stalemate, prompted Dr Kaunda's offer, two other factors may be involved.

Dr Kaunda still has cause for anxiety about South African intentions towards Zambia. Lusaka provides the headquarters of the ANC and is thus an obvious military target and, while there is only one Swapo refugee camp (in Western Province), Pretoria may have doubts about its nature.

Thus South Africa may replace Rhodesia as the rallying cause for the party as the election draws nearer and the considerable domestic difficulties continue.

GDP declined in real terms by 1.8 per cent last year and 1982 will be equally difficult. One key indicator of the country's economic health is the level in arrears in payments for imports and the remittance of profits and dividends. Zambia began accumulating arrears in the mid-1970s and the amount currently stands at nearly Kwachas 500m (£306m) and stretches back 27 months.

Prospects for an early reduction are poor. The already acute shortage of foreign exchange, due to low world copper prices, is exacerbated by the hold up of over 100,000 tons of the mineral—17 per cent of annual production—on the Tanzania-Zambia railway (Tazara), mainly because of a lack of adequate locomotives. Low demand for cobalt, Zambia's second largest foreign exchange earner, has forced the mines to stockpile over 2,500 tons, equivalent to eight months' production. External debt service in 1980 was 27 per cent of export receipts and the proportion has not markedly changed since, while oil imports (over Kwacha 200m a year) take up a further 20 per cent.

Since the mines are themselves a major foreign exchange consumer, this leaves precious little for commerce and industry—hence the shortage of spares, rundown of stocks and ageing plant and equipment.

Perhaps the single most serious problem in a country where up to 40 per cent of the population now live in the towns is unemployment. Apart from the existing pool of jobless, some 80,000 school leavers come on the market every year.

Zambia would have been in dire straits without the drawing of two tranches totalling SDR 300m from the International Monetary Fund (IMF) last year. As it happened, the money went towards clearing uncovered letters of credit, port and freight charges, reducing arrears and providing hard-pressed manufacturers with a modicum of foreign exchange and ensuring that most basic commodities were available.

AMERICAN NEWS

William Chislett follows the Mexican president's successor on his campaign trail

Public progress of the 'People's Candidate'

Sr Miguel de la Madrid, the PRI's presidential candidate

MEXICO'S Institutional Revolutionary Party (PRI) faces its stiffest opposition ever in the presidential and general elections scheduled for July 4. Political reform, designed to channel dissent through an institutional framework, has spawned five new parties, ranging from a shaky Left-wing alliance, built around the communist United Socialist Party of Mexico (PSUM), to the insignificant Mexican Democratic Party.

The opposition does not currently pose a real threat to the official party, however. The PRI is deeply entrenched in the State though its control of the bureaucracy, the legislature and the judiciary, as well as local governments in the country's 32 states. Through its three sectors representing the peasantry, the trade unions and the middle class, the PRI's influence is all pervasive.

Nevertheless, the PRI is steamrollering through the country in an extravagant and superbly orchestrated campaign which, with its current budget deficit and falling oil revenues, Mexico can ill afford. The PRI believes that the several hundred million dollars it is spending are worth it. The campaign is an essential part of the political system as the PRI takes the pulse of the country and goes through the motions of democracy. For all its faults, this system has given Mexico 53 years of political stability.

Mexico's President Jose Lopez Portillo, constitutionally limited to one seven-year term of office, has designated Sr Miguel de la Madrid as his successor. For the past five months, Sr de la Madrid has been working his way around Mexico's 32 states and 70m population.

This time it was the turn of San Luis Potosi, an agricultural and mining state in Central Mexico about the size of Wales, to welcome the man who will preside over a country that is the world's fourth largest oil producer. One fifth of the state's population of 1.6m is illiterate, half the homes have no electricity or running water and most of the people do not earn enough for hte basic necessities.

As the modern electric train approached San Luis Potosi's newly painted station, decked out with gian banners proclaiming support for the "People's Candidate," the brass band arrived to yet another tumultuous reception.

Applause, relayed by loudspeakers, greeted Sr de la Madrid's procession as it arrived in the confetti-covered main square. After three speakers took turns to praise him, the forest of banners was lowered and Sr de la Madrid asked the crowd to reaffirm their faith in the PRI, the "vanguard of the people," born of the 1910 revolution in which 1m people were killed.

It was then the turn of university students to meet Sr de la Madrid in "popular consultation," a new idea he introduced in an attempt to get a clearer picture of the country's problems. A succession of students criticised the system; one asked him to account for the hundreds of people who are said to have "disappeared," another asked him if he was "the result of the monopoly of political power of the product of the people's demands."

Sr de la Madrid was frank with them. He admitted the revolution had not been a complete success: basic rights were sometimes violated and Mexico's main problems continued to be "social injustice." He insisted, however, that the PRI was still the country's best political option. A PRI van was stationed outside the hall where people could deposit written complaints.

After a "popular lunch" with a number of townspeople, Sr de la Madrid opened the "Fidel Velazquez" housing estate for state workers named after the octogenarian who has run Mexico's trade union movement for the past 40 years.

By now it was dusk. The last meeting, another "popular consultation," was held in the luxuriant garden of San Luis Potosi's cultural centre, housed in a colonian mansion. There were eight speakers, including a peasant who spoke of the desperate plight of the people in the arid countryside.

Afterwards, Sr de la Madrid, joined by his wife, walked through the main streets serenaded by musicians in medieval costume. The sky was lit up by a spectacular show of fireworks which traced out the words "the progress of Mexico is assured with Miguel de la Madrid."

World Bank rebuffs U.S. critics

BY ANATOLE KALETSKY IN WASHINGTON

IN HIS first major policy speech delivered in a developing country, Mr H. W. Clausen, President of the World Bank, yesterday emphasised the bank's continuing commitment to many of the social objectives established over the past decade under the Presidency of Mr Robert McNamara.

He rejected some of the criticisms of the World Bank advanced by American conservatives and emphasised that the bank recognised the difficulty many Third World governments had in carrying out the policy changes recommended by the bank's economists.

Speaking in Nigeria, Mr Clausen said the bank's "key and central aim" was the alleviation of poverty and he promised that it would continue to concentrate on this by enhancing the productivity of the poor countries.

Some of the bank's critics in the Reagan Administration have suggested that economic growth alone is the best way of alleviating Third World poverty and that the bank should not pay too much attention to the distribution of wealth.

Mr Clausen said that prospects for the poorest countries could be improved by new measures by their governments, but he acknowledged that such policies could be difficult to effect. He said the bank was not concerned about issues of ownership and control, and did not favour private over public enterprises. Both sections could have a vital role to play in development.

He strongly criticised the developed countries for reducing their contributions to the International Development Association (IDA), the bank's "soft loan" arm. The shortfall this year would be abount $1.5bn in relation to the earlier commitments

Steelmakers seek union cost-saving concessions

BY RICHARD LAMBERT IN NEW YORK

MORE U.S. steelmakers may be about to ask for cost-saving concessions from the United Steelworkers' Union, which has a labour contract with the industry extending to August next year.

No formal request to reopen talks on the contract has been made, however. Some of the larger companies say it is unlikely that any industry-wide attempt to renegotiate pay terms will be made ahead of schedule.

Instead, the industry last week made a formal presentation to the union, which gave detailed comparisons of labour costs between the U.S. industry and its foreign competitors. This is seen as the start of a long-term effort to persuade the workers that increased productivity will be necessary to ensure survival.

So far this year, U.S. steelmakers have been working at around 59 per cent of capacity. More than 100,000 workers are now laid off and a further 20,000 or so are on short time.

Three of the most financially-troubled companies—Wheeling-Pittsburgh, McLouth and Penn-Dixie, have already secured special concessions from the union.

Quebec finds formula to avoid royal snub

By Victor Mackie in Ottawa

QUEEN ELIZABETH was due to arrive in Ottawa yesterday for engagements with Canadian leaders including all Lieutenant Governors, which will lead to the proclamation of Canada's new Constitution tomorrow.

Four days of orchestrated flag-waving before the Queen departs on Sunday morning promise to give the occasion an air of jubilation despite the crisis over the Falkland Islands.

Quebec's refusal to have anything to do with the new Constitution created quite a quandary for the province's Lt Governor, Mr Jean-Pierre Cote, who was instructed by Mr René Levèsque, the Provincial Premier, to follow the advice of his Cabinet and abstain from participating in activities to mark the proclamation of the Cabinet Act.

Mr Cote responded that convention requires the Lt Governor only to follow the advice of the Premier in the sanctioning of laws, the opening and closing of Parliamentary sessions, and other duties which fall within provincial jurisdiction. "I believe the decision to attend or not to attend belongs to me," he said.

Mr Levèsque told the Lt Governor in a letter yesterday that the Quebec Government would not be opposed if Mr Cote attended the Privy Council function "since you are personally a member and can participate without representing Quebec."

This compromise has been accepted by Mr Cote, who will attend a Privy Council luncheon with the Queen on Saturday. He will not participate in any other events.

Security has been strengthened because of the Falkland Islands crisis and a terrorist attack on a Turkish diplomat in Ottawa last week.

The proclamation ceremony tomorrow morning will take place on the lawns in front of the Parliament buildings so that the public can participate. The Queen has insisted on being allowed to mingle with the public, much to the concern of the security officers. But weather forecasts indicate that showers may force the outdoor public ceremony to be cancelled and the actual proclamation moved indoors to the Senate Chamber.

The ceremony, when the Queen officially declares that the Constitution has been brought home from Westminster after Canada's 115 years of nationhood since the British North American Act of 1867, will be telecast live across Canada. The ceremony is expected to take 33 minutes.

The proclamation is the main event on the Queen's schedule: but before it she and the Duke of Edinburgh will attend several private dinner and a gala ball at the National Arts Centre, where the 2,300 guests will be present by invitation only.

Nicaragua agrees to U.S. talks

By Our Washington Correspondent

NICARAGUA has formally agreed to open discussions with the U.S. on an eight-point plan to ease tensions in Central America, according to diplomatic sources in Washington.

The Nicaraguan Government's acceptance of the plan, which was officially put forward last week by the U.S. State Department as a basis for negotiations, was conveyed late on Wednesday by the Nicaraguan ambassador to Mr Thomas Enders, Assistant Secretary of Statae responsible for Latin America.

The plan calls for Nicaragua to end assistance to left-wing guerrillas in El Salvador in exchange for a U.S. commitment not to interfere in Nicaragua's internal affairs and not to encourage anti-Sandinista forces training in the U.S. and Honduras.

The U.S. proposals follow a plan put forward by the Mexican Government to defuse tensions in Nicaragua and El Salvador and it is expected that meetings between U.S. and Nicaraguan officials will take place in Mexico City. However, it is still by no means clear that any agreement will be possible.

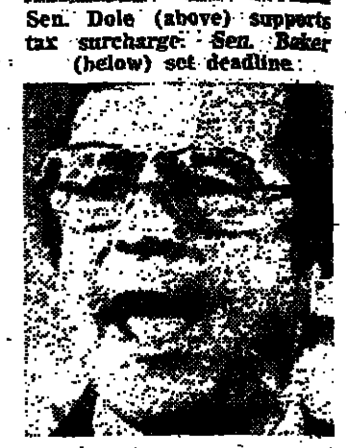
The U.S. and Nicaragua may well differ in their interpretations of what constitutes aid to left-wing guerrillas in El Salvador and what is defined as unwarranted interference in the internal affairs of other countries.

The biggest uncertainty in the region is the composition of a new government in El Salvador, after last month's indecisive elections. The extreme right wing parties which have won 36 of the 60 seats in the new Constituent Assembly have offered the moderate Christian Democratic Party a role in hte new government.

Reagan hint of budget compromise

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

Sen. Dole (above) supports tax surcharge. Sen. Baker (below) set deadline.



PRESIDENT Ronald Reagan has given what is being interpreted here as a signal that he might accept an income tax surcharge as part of a compromise on his 1983 budget proposals.

It would have to be contained, however, in what his aides call "a balanced programme" to reduce the deficit — now officially put at $101.9bn if the Reagan budget is adopted.

A proposal for a 4 per cent income tax surcharge on higher incomes is one of the many possible ways of reducing the deficit that have been discussed in secret negotiations on Capitol Hill between the White House and Congressional leaders over the last few weeks.

Earlier this week, Mr Robert Dole, Republican chairman of the Senate finance committee and a key figure in the negotiations, said that it had his support.

Mr Reagan's remark was at best ambiguous. He was "neither ruling out nor ruling in" the tax surcharge proposal, he said. But his comment was taken as a sign of flexibility by Washington budget-watchers.

Mr Reagan has repeatedly made it clear that there can be no tampering with his overall tax-cutting programme, under which the next 10 per cent cut in personal taxes is due on July 1. Congressional Democratic leaders, however, are insisting that they will not agree to cuts in entitlement programmes unless tax revenue is increased.

Mr Donald Regan, the Treasury Secretary, yesterday warned Congress that it would have to reconsider Mr Reagan's original budget proposals if no compromise could be reached.

However, Mr Howard Baker, the Republican leader in the Senate, on Wednesday said that if there was no agreement by next week, he would instruct the Senate budget committee to resume work on its own proposal. The committee stopped work at the Administration's request to allow more time for negotiations with the White House.

Mr Regan said he was "rather hopeful that we can come up with a complete package." Very little had been ruled out by any of the participants, he said.

Tax aid for school fees likely to be opposed

BY OUR U.S. EDITOR IN WASHINGTON

PRESIDENT Ronald Reagan yesterday launched a controversial plan to provide tax credits for parents paying private school fees. The plan, which would cost $4.6bn (£2.5bn) by 1987, drew immediate criticism from representatives of the public education sector and Capitol Hill.

Mr Reagan announced the proposal, at a meeting of the National Catholic Educational Association in Chicago, both to fulfil a campaign premise and to rally what the White House fears is flagging support among the country's middle classes.

Critics, however, say that at a time of budget austerity the plan effectively removes resources from public education.

Mr Reagan defended his proposal as "fair, equitable and designed to secure the parental right to choose."

He said it was aimed at "middle and lower income working families who now bear the double burden of taxes and tuition."

Some 5m students now attend about 20,000 private schools in the U.S. Administration officials say that more than 80 per cent of the parents would qualify for the proposed tax credit.

An official estimated that the average cost of sending a student to a private school last year was $550 at elementary level and about $900 at secondary level. The programme, designed to be phased in over three years, would provide a maximum tax crdit of $100 per child in 1983, $300 in 1984 and $500 in 1985.

Full credit would be available to families with incomes of up to $50,000 a year, with reduced credits for those earning up to a maximum of $75,000. The plan is headed for a difficult time in Congress, where Mr Robert Dole, the Republican Chairman of the Senate Finance Committee, has said it would be too expensive, given the country's fiscal problems.

The National Education Association quickly branded the plan as "unsound economically, constitutionally and educationally."

WORLD TRADE NEWS

Yamaha in deal to co-operate with Motobecane

BY CHRIS SHERWELL IN TOKYO

YAMAHA MOTOR, the world's number two motorcycle manufacturer, and Motobecane of France have agreed in principle to co-operate in the fields of motorcycle technology, production and distribution.

The agreement specifically covers joint development of a 50 cc moped to be sold in France, investigation into joint manufacture of a new 50 cc motorcycle, and distribution by Yamaha under its own name of Motobecane's motocross bicycle.

Announcement of the deal in Tokyo yesterday coincided with a meeting between President Francois Mitterrand of France, who is on a five-day visit to Japan, and Mr Zenko Suzuki, the Japanese Prime Minister.

Motobecane, France's number two motorcycle manufacturer, is understood to have suffered from stagnating output and sales in the recessionary climate in Western Europe.

Japanese motorcycle exports to France totalled 25,800 units last year. Yamaha's share was 16,800 units. Japanese exporters face an import quota limiting their sales in 1982, while in 1980 their sales slumped following France's redefinition of a moped.

Yamaha said yesterday the two companies still had to discuss further details, and refused to be drawn on likely moped output under the proposed joint venture.

Regarding distribution by Yamaha of Motobecane's motocross bicycle, the company said there would be a few modifications to the existing model.

The company also said it thought the tie-up was unlikely to involve investment in new plant. Motobecane was said to have spare capacity to cope with the project.

French group to receive Fujitsu robot technology

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

FUJITSU FANUC, the leading Japanese manufacturer of robots and numerically controlled (NC) machines, has agreed in principle on a transfer of its robot manufacturing technology to the French machine tool manufacturer Manurhin Auotmatique.

The two companies are expected to sign a contract in June.

The agreement with Manurhin will be the fourth transfer of robot knowhow to be negotiated by Fujitsu Fanuc. The three other foreign companies involved are General Motors, which is forming a joint venture with Fujitsu Fanuc Siemens and the UK's 600 Group.

Fujitsu, fanuc's agreement with the 600 Group was signed last December.

The Fujitsu Fanuc—Manurhin tie-up appears to be the first concrete outcome of talks on industrial co-operation which began last year at official level between France and Japan.

The two companies set up an industrial co-operation committee which held its first meeting last November. The company reviewed the prospects for joint ventures or know-how transfer in a number of fields, including robotics, video tape recorders and carbon fibre.

Reuter reports from Tokyo: Several Japanese construction companies have won orders to build a port quay in the Philippines, and dams and hydroelectric power plant in Sarawak, Eastern Malaysia.

Marubeni said the state-owned Philippine Phosphoric Fertilizer Corporation had ordered a 665-metre long quay to be built on Leyte Island to take ships up to 60,000 tons at a cost of Y13bn (£29.6m).

Marubeni and Kawasaki Steel will complete the project by the end of July 1984 as part of a Y75bn phosphate fertilizer plant now being built.

Meanwhile, Maeda Construction said it and Okumura Corporation had been asked to build a Y22.47bn hydroelectric power plant and associated dams for the Sarawak Electric Power Supply Corporation

Orders for Japanese shipbuilding fall sharply

TOKYO — Foreign orders for Japanese shipbuilding fell 70.3 per cent to 172,000 gross tons in March compared with a year earlier, bringing total orders in fiscal 1981, ended in March, to 4.14m tons, the lowest for three years, the Japan Ship Exports Association said.

The fiscal 1981 order total was for 253 ships, compared with 266 in fiscal 1980 and a peak of 294 in fiscal 1979.

The total tonnage was 30.5 per cent less than the 5.96m gross tons ordered in fiscal 1980 and compared with a peak 7.24m in fiscal 1979.

March orders received rose 35.4 per cent compared with 127,000 gross tons ordered in February. They comprised six cargo ships of a combined total of 125,000 gross tons, one 45,000-ton ore carrier and two small bulk carriers.

The association said foreign orders had been falling sharply since the April-June quarter of 1981.

Total orders in the January-March quarter fell to 422,000 gross tons from 735,000 the previous quarter, the lowest since the April-June quarter of 1978 when they stood at 346,000.

Deliveries of ships ordered in fiscal 1981 rose to 260 ships totalling 5.70m gross tons, from 190 vessels of 3.60m gross tons in fiscal 1980. Reuter

Leaders call for more solidarity

French President Francois Mitterrand and Japan's Prime Minister Zenko Suzuki agreed yesterday that Western democracies must work to achieve greater solidarity and reduce the level of the east-west arms race, AP reports from Tokyo.

Mr Suzuki said the two leaders also concurred on the importance of close Europe-Japan-U.S. ties and stressed the importance of the June summit of industrialised nations in Versailles.

Mr Suzuki, whose country may face criticism at the summit for its aggressive exporting policies, stressed that "summit meetings should not be an arena for animosity.

China to buy education equipment

BY TONY WALKER IN PEKING

CHINA is starting to call tenders for education-related equipment. It is to be financed by $200m (£115m) in loans loans extended by the World Bank and its soft-loan affiliate, the International Development Association.

This is the first use China has made of World Bank money since joining the organisation early in 1980.

UN officials in Peking cite problems in familiarising Chinese organisations with the procedures of the World Bank as the reason for China's delay in making use of the funds, approved in June 1981.

The money is expected to be spent over the next three years on sophisticated equipment to assist in the teaching of sciences and also to bring foreign experts to China to reinforce departments in more than 20 key universities throughout the country.

China's educational institutions were devastated by the Cultural Revolution of the 1960s and 1970s. The World Bank programme is aimed at helping the Chinese catch up in important areas of applied science and technology.

It is expected most of the equipment sought under the programme will be bought in the West. China itself is investing some $95m in the drive to improve standards at its educational institutions.

China is seeking teaching aids in the fields of physics and electronics, biology and chemistry, engineerings, microprocessors and computer science. Tenders for these items will close June 15 for all except computers. The deadline for companies wishing to supply computer technology will be a month later.

The Chinese will spend three months evaluating the bids before announcing the successful tenderers.

UN officials in Peking say that China, by embarking on a tendering process under World Bank rules for the first time, is taking an important step on the way to becoming a regular customer for Bank assistance.

It is expected future negotiations will be less time-consuming. China is presently discussing a number of projects with the World Bank and the IDA.

These include: a $135m scheme to modernise port facilities in Shanghai, Tianjin and Canton, a $50m credit for an irrigation and drainage project and a $68m onshore oilfield exploration and development project.

Among other proposed projects are the development of the Heilongjiang basin in north China as a major crop-producing area, a big hydro electric project in Yunnan province, South China, and the mechanisation of antiquated underground coal mines in Shanxi province, south-west of Peking.

Funds for the World Bank/IDA education project are being handled by the Education Ministry and China's Technical Import Corporation.

Under the World Bank loan China has a five-year grace period before it is required to start repaying the $100m at an interest rate of 9.6 per cent. In the case of an IDA loan no interest is levied, the only charge being 0.75 per cent administrative fee. Repayment terms for IDA money to developing countries are usually over 50 years.

To assist the Chinese to prepare for use of the World Bank and IDA money, the UN development programme provided $250,000 for groups of officials from China to study facilities at educational institutions in the West.

China is attempting to increase rapidly its teaching standards so as to produce technicians and scientists to spearhead its modernisation drive.

In 1980, China released figures which showed that on a per capita basis its enrolment of university students was one of the lowest in the world—at nine per 10,000 compared with India's enrolment of 52 per 10,000. Among 141 countries China ranked 113th in the ratio of university students to population.

Post-graduate enrolments dwindled away to almost nothing in the 11 years of chaos between 1966-1976 and have only recently begun to pick up.

EEC takes dumping measures

By Giles Merritt in Brussels

THE EUROPEAN Commission has declared a spate of anti-dumping actions in response to complaints lodged with it by the European Council of Chemical Manufacturers' Federations (Cefic).

The Brussels authorities' post-Easter anti-dumping activities concern both U.S. investigations and the re-opening of proceedings involving a large number of Eastern European producers — the Soviet Union, Poland, East Germany, Bulgaria and Romania.

The new U.S. action concerns American exports of the chemical Bisphenol A (also known as Diphenylol propane or DPP), which, according to Cefic, is being dumped on EEC markets at a margin of 25.5-28.7 per cent.

Although there is only one Community producer of the chemical, Progil-Electrochimie, it is being alleged that U.S. sales of it have risen at a damagingly fast rate.

Nicki Kelly, in Nassau, examines the bid to gain ship registrations

Bahamas emerges as free flag nation

THERE ISN'T an ill wind that doesn't blow someone some good, and political events in Liberia during the past two years have proven an unmitigated blessing in launching the Bahamas as a free flag nation.

"Although no vessels have transferred as yet from Liberian registry, a number of those that would have gone there have come to the Bahamas," said Captain Alan Morris, deputy director of Maritime Affairs.

From 63 ships of 52,877 gross tons in 1979 the number by the end of March had risen to 96 totalling 446,157 gross tons.

To speed things along, several significant changes made last month to the Bahamian Merchant Shipping Act have put the country on equal footing with Liberia and Panama, and removed the final obstacle barring growth as an international ship registration centre.

One of the most important is the authority granted U.S. and other foreign shipowners to return their Bahamian-registered ships to the effective control of their own governments in times of national emergency.

The new legislation also simplifies and streamlines the transfer of ships to and from Bahamian registry, preserves the priority of mortgages in the changeover to the Bahamian flag, and is sufficiently flexible to accommodate changes in manning requirements resulting from new ship design and technology.

The Bahamas switched to open registry in 1976 following independence from Britain three years earlier, but failed to win much support from large shipowners because of flaws in its new maritime law.

The picture changed rapidly following the bloody coup that overthrew Liberian President William Tolbert in April 1980. Prompted by a stream of inquiries from nervous shipowners, the Bahamian Government announced it was considering several more legislative amendments in addition to an earlier one exempting bills of sale and ships' mortgages from the stamp tax normally levied, on commercial transactions.

In the past 18 months 33 ships of 365,000 gross tons have registered, seven of them since January. Recent additions include an 80,000-ton tanker launched by a Brazilian shipyard at the end of last year, and three passenger cruise ships owned by Denmark's DFDS Group, which will serve the U.S. east coast and the Bahamas. Another large 15,000-ton DFDS cruise ship under construction will also join the Bahamian register.

Fourteen of the company's vessels have been put under the Bahamian flag, representing 150,000 of a total 400,000 gross tons of shipping owned by DFDS affiliates.

The heavy response, particularly by New York companies, to a ship registration conference sponsored this month by Bank-America Trust and Banking Corporation (Bahamas), has provided convincing proof of the level of interest in Bahamian registry.

In addition to the main registration office in Nassau and another in London, a third office is soon to open in New York.

Most of the vessels registered to date are European-owned, but the Ministry of Transport is confident the number of U.S. vessels will grow so long as conditions in Liberia and Central America remain unstable.

More than 5m gross tons were shifted from Liberian registry in the year following the coup and transferred to Panamanian and Greek registry. The view, however, is that political concerns generated by Greece's new Socialist Government may once more push Greek shipowners back to open registries.

Bahamian registry is open to all foreign-owned ships of more than 1,600 net tons providing they are no more than 12 years old at the time of initial registration and engaged in foreign trade.

Mr Philip Bethel, the Minister of Transport, has said the Bahamas wants to attract only those vessels which meet the highest standards of safety and construction. None of the four tankers presently registered are more than two years old. Smaller vessels can be registered by the Minister under special circumstances providing they meet required safety standards.

There are no nationality, minimum wage or union recognition requirements laid down by the Bahamian Act, but strict regulations govern the competency of officers.

To compensate for the lack of local expertise, the Bahamas is using the six major classification societies to screen all applications for registration. Their mandatory surveys are being supported by about 300 independent and fully-qualified nautical inspectors in 65 countries and 200 ports, who have been appointed to inspect Bahamian ships annually and detain them if necessary.

In addition to the country's status as an offshore financial centre and tax haven, Government authorities point out that there are unique supplemental advantages to Bahamian registry. The islands are close to the U.S., have a legal tradition firmly grounded on English common law and boast a record of political stability spanning more than two centuries.

De Lorean assets deal possible

By John Griffiths

DETAILS of Mr John De Lorean's proposed $54m rescue package for the Belfast-based sports car concern, in receivership for eight weeks, are being presented to Northern Ireland Department of Commerce officials in Belfast and to the receivers in London.

Mr De Lorean says $40m is available for long-term investment. Some $14m would be provided from the sale of 1,191 cars to a U.S. concern, Consolidated International.

This could partly pay off some $19m owed to Bank of America, which financed De Lorean's intervention in the U.S. and took control of the stocks through the courts. De Lorean sales in the U.S. are at a stanstill as a result of the bank's action.

Conditions

The conditions under which the long-term investment would be made remained unclear last night. But Mr De Lorean has persistently stated in public that private investment would not be feasible without the Government foregoing its investment in the Belfast operation—for which it advanced nearly £70m.

The Government might allow the receivers, Sir Kenneth Cork and Mr Paul Shewell a deal under which the fixed assets in Belfast could be leased to the U.S. company, or sold to it on a long mortgage.

If the cash is available a lease or mortgage arrangement could allow the plant to be taken out of receivership with little cash changing hands, and leave enough to deal with most of the company's other financial problems.

Not paid for

Before this arrangement could be made, the U.S. company would have to acknowledge the $20m it owes the Belfast company for cars which have been supplied but not paid for.

Any cash raised would need to be advanced to Belfast to pay the main unsecured suppliers, who claim they are owed about £20m.

Money supply better than thought

BY ROBIN PAULEY

THE REVISED money supply figures for March published yesterday were slightly better than last week's estimate, which was itself better than expected. But there was no noticeable impact in the markets, still preoccupied with the foreign affairs crisis.

The high level of bank lendng to the private sector continues. Strong contractionary influences in the public sector led the Bank of England to intervene substantially in the money markets to relieve the resultant liquidity pressures in the banks.

The Bank was intervening fairly heavily on most days during banking March, a pattern which has been building up in recent months.

Sterling M3, the broad-based measure of the money supply, grew by 0.2 per cent after seasonal adjustment in the four weeks to mid-March (compared with the estimate of 0.25 per cent), according to Bank figures published yesterday.

This slightly lower level is in spite of the fact that the estimated figure for collection of back taxes delayed by the Civil Service strike has been reduced from £1bn to £750m.

It underlines that Government departments spent less than expected, as indicated earlier this week in the central government borrowing requirement figures.

There is still between £1.5bn and £1.75bn outstanding in unpaid taxes because of the Civil Service strike which has been making a nonsense of official statistics for a year. But officials expected that, after banking April, the outstanding taxes will flow into the Exchequer in small amounts and cease to have such an impact on the figures.

Bank lending to the private sector rose by £2.09bn, seasonally adjusted, of which £900m was bills and £920m advacnes. To offset the cash shortages resulting from the contractuary effect of transactions in the public sectors the Bank Issue Department purchased £2.09bn of commercial bills.

This high level of bill holding is expected to fall to a lower level in the coming months.

The Bank is now calculating the annual revision of all the seasonal adjustments to the monetary aggregates. When they are published next month, hey are likely to involve a modest upward revision to the March sterling M3 figure but downward revisions in some of the earlier months' figures should compensate.

Yesterday's figures for March showed the narrow money measure M1 (covering notes and coins plus current account deposits) fell by 0.7 per cent following a 0.5 per cent fall the previous month. The broad measure of private sector liquidity PSL2 (covering sterling M3, building society deposits, national savings and money instruments) rose by 0.6 per cent seasonally adjusted, compared with the earlier estimate of 0.5 per cent.

All the figures are well within the Government's latest target range for the three aggregates sterling M3, PSL2 and M1, which is 8 to 12 per cent for the 14 months from mid-February 1982 to mid-April 1983.

Travor Humphries

Mr Tony Lewis shows a galvanised-steel tape to potential manufacturers who visited the second day yesterday of the Confederation of British Industry's Can You Make it? exhibition at CBI headquarters, Centre Point, London. The problem for Mr Lewis, a divisional buyer with BICC, is that the hot dipped tape is especially galvanised on the edges and he cannot find a maker of them in Britain. So he has to import 150-600 tonnes annually from Belgium and France.

Some 50 large companies are displaying 600 items they now have to buy abroad to representatives of smaller businesses invited to provide a UK source. The exhibition will close at lunch-time today but will visit other parts of Britain this year.

£57m scheme for Motherwell

BY IAN RODGER

A £57m five-year scheme to make Motherwell more attractive to industry has been launched by the Scottish Development Agency, Strathclyde Regional Council and Motherwell District Council.

The agencies hope that over the period 3,000 permanent jobs and a further 500 temporary jobs under the Youth Opportunities and Community Enterprise programmes will be created.

Motherwell has suffered severe job losses in recent years, largely because of the phasing out in the late 1970s of British Steel Corporation's Lanarkshire Steelworks. There are about 10,000 people unemployed in the district, 21 per cent of the labour force.

Nearly half the project funds, £25m, are to be spent on providing new factory space, rehabilitating or converting old premises and on site assembly and preparation work.

The Bellshill area will be promoted as a centre for distribution and food processing activities and a range of advance units will be provided.

A study by Deloitte Haskins and Sells identified the poor quality of the environment as a major constraint to business development in Motherwell.

In particular, the steelworks site is to be landscaped to overcome the impression of dereliction and the surroundings of the remaining Ravenscraig works are to be improved.

● An unemployment-hit Scots new town, Glenrothes, Fife, has been given a boost with the news that up to 200 new jobs could be created in the next two years.

The news was revealed yesterday at the official opening of WSK Electrical on the Southfield Industrial Estate.

Since last September, 40 workers have been taken on by the company, a joint venture by Manchester-based Wylex and the Swiss concern, Brown Boverie. By the middle of next year WSK expect to employ 100 workers, most of them women, and are confident the figure could rise to 200 within two years.

Carr Sebag partner resigns

By John Moore, City Correspondent

THE ECONOMICS partner and head of investment strategy at stockbrokers Carr joined Gartmore Investment Management, an investment group.

Against a background of internal management unrest at Carr Sebag, Mr Peter Scott, aged 34, the firm's economics partner, announced that he was leaving to join Gartmore Investment Management as an international investment strategist.

Mr Scott's departure follows Carr Sebag's reassessment of its role in stockbroking and its decision to sell W. I. Carr Sons and Co. (Overseas), the profitable Hong Kong business which it was forced to put up for sale. Exco, the money broker group, bought a large stake in the Hong Kong business.

Carr Sebag is ploughing the £3m proceeds from the sale into the loss-making UK operations.

Mr Scott started working with Joseph Sebag 12 years ago before the merger of Sebag and W. I. Carr in 1979. He said yesterday that he had decided to move to Gartmore as he did not see a future role in the firm once it had severed its link on the international scene.

Chemicals demand stays depressed

BY MARTIN DICKSON

DEMAND FOR chemicals remained depressed in the first quarter of the year and output is not expected to grow by more than 2.5 per cent for the year as a whole, says the Chemical Industries Association.

In its economic bulletin the *association says that chemicals* output fell by 1.5 per cent last year against 1980, and that these weak trading conditions have continued into this year.

Output and sales were seriously affected by bad weather and the extended holiday period in January. Reports from companies suggested that there was only a modest improvement in February and March, where any occurred.

The bulletin forecasts that output will rise by 2.5 per cent in 1982, with all the growth concentrated in the second half, and by 4.5 per cent in 1983.

Industry profitability has improved from the low point in the fourth quarter of 1980 because of dramatic reductions in operating costs through plant closures, employment cuts, reduced stock levelsand investment, and improvements in operating efficiency.

Product prices remain extremely weak, particularly for bulk petrochemicals and polymers, reflecting poor demand levels, falling oil prices and substantial spare capacity throughout Europe.

The association estimates that exports rose by 7 per cent in value and 1.5 per cent in volume in 1981, while imports increased by 8 per cent in value terms and 7 per cent in volume.

● *Demand for plastics in Western Europe will grow only slightly during the rest of the decade,* says Mr Tom Hutchinson, chairman of Imperial Chemical Industries' West European petrochemicals operation and president of the Association of Plastics Manufacturers in Europe.

Writing in the association's annual report, he says that with total production of bulk polymers in Western Europe 7 per cent lower last year than in 1980, there were "encouraging signs" that many producers had curbed output "realistically" to bring it more into line with market demand.

Stock Exchange practices challenged

BY JOHN MOORE, CITY CORRESPONDENT

MR GORDON BORRIE, the director general of the Office of Fair Trading, has sen detailed arguments to the Stock Exchange to explain why his office is taking it to the Restrictive Practices Court.

The Office first challenged the Stock Exchange's business methods in 1979. The Exchange is now involved in one of the most expensive pieces of litigation the City has ever seen and faces total costs which could rise up to £1.5m.

The Exchange has been forced to defend its rule book. Rules that brokers charge a fixed scale of commission, that jobbers (the dealers in stock) may not act as brokers, and that brokers may not deal with other brokers are particularly questioned.

When challenged the Stock Exchange said that the action by the Government designed to include it in the Restrictive Practises legislation had been taken "with virtually no consultation." It was described as "a political decision taken in too much of a hurry."

If the Office of Fair Trading action is successful the Stock Exchange fears the abolition of its jobbing system. In its statement of case lodged last year the exchange agreed that there were rules which could be deemed 'restrictive" under the legislation but argues that they are in the public interest.

The latest *submission* by Mr Borrie's office deals with points *raised in the Stock Exchange's* statement of case.

BSC will give Metros for best staff ideas

BRITISH Steel Corporation, which is losing nearly £3m a week, is offering a Mini Metro every three months to the employee who puts forward the suggestion judged best by a panel of managers. The Mini Metro is made by BL, which is losing more than £7m a week. The "auto-suggestion" scheme is said to be the idea of Mr Ian MacGregor, the BSC chairman.

Glasgow break-even

GLASGOW AIRPORT, one of the seven owned and run by the British Airports Authority, broke even fo rthe first time in the year ended March 31, after a loss of £690,00 0in the previous 12 omnths. Edinburgh Airport cut its losses by £100,000, but ended the year £1.7m in the red. Aberdeen more than doubled its previous year's profits to £870,000. Prestwick lost £2m.

LT New York deal

LONDON TRANSPORT'S consultancy service, London Transport International, has won a £1.5m contract by the New York Metropolitan Transportation Authority to adivse on the updating of train overhaul shops and depots. The LT team will be headed by Mr Clive Hardie, director of mechanical engineering for the London underground.

Police call

MR JOHN ALDERTON, on his last working day as chief constable of Devon and Cornwall, called yesterday for a Royal Commission on the police. He foresaw such a commission "during the lifetime of the next government." Mr Alderton a proponent of community policing hinted that, after his retirement, he would have some harsh words for his critics, inside and outside the police force.

Teletex on way

A PILOT teletex service will be started this summer by British Telecom, which hopes to launch a full service in 1984-85. Teletex messages can be transmitted at 3,5000 words a minute, compared with 60 on telex. It can also be used to send *messages directly to a* range of types of office equipment *such as word processors* and small computers.

Newspaper folds

THE STANDARD, a weekly newspaper launched five weeks ago at *Ilkeston, Derbyshire,* is to close because of poor sales, managing director Paul Cowan said yesterday.

New TV 'dear'

VIEWERS of the BBC's proposed direct satellite broadcasting services in the late 1980s can exepct to pay £5 a week for them according to *Mr Paul Fox*, managing director of Yorkshire Television and an *opponent of* the BBC scheme. Early Home *Office studies suggested £10 a* month for receiving equipment *and £5 a month for subscrip*tions.

Healthy move

SQUIBB Surgicare, a leading manufacturer of health care *products, is to transfer its oper*ations from Reigate, Surrey, to Deeside, North Wales, the Welsh Development Agency announced yesterday. The company has purchased a 50,000 sq ft factory on the agency's Deeside industrial park, Shotton, where it expects to employ 200 workers by the end of the year.

Better worker contact urged on print trade

BY ALAN PIKE, INDUSTRIAL CORRESPONDENT

A CAMPAIGN to persuade printing companies to communicate more effectively with their employees has been *lauched* by the National Economic Development Council.

Management, trade unions, and government representatives on the council's printing industries sector working party have *unanimously* endorsed a set of guidelines for better *communication*, having decided that, in most printing companies this is "inadequate."

The sector working party is convinced that closer co-operation bewteen managements and workforces, based *upon* regular information and *consultation*, would help improve the printing industry's performance. Among the items which it says *should* be communicated is information on *financial performance*, orders, exports and investments.

The guidelines suggest that, at a minimum, methods of communication should include an annual presentation to all employees with a wirtten financial statement issued in advance, regular communication between small groups, meetings *between management and em*ployee representatives to dis*cuss issues outside* the area of normal collective bargaining *and appropriate training.*

Communicating for Success, NEDO, £5.

Refuge Assurance rejects Ombudsman Bureau

BY ERIC SHORT

THE MANCHESTER-BASED home service insurance company, *Refuge Assurance, has* rejected the Insurance Ombuds*man in favour of the alternative* consumer insurance complaints service, *the Personal Insurance* Arbitration Service (PIAS).

The decision *was* announced by Mr Patrick Smith, chairman of the company, in his statement accompanying the 1981 report and accounts.

The Insurance Ombudsman Bureau was established just over a year ago by three leading insurance groups to provide an independent service to handle insurance complaints from the public. This move came after years of talks within the British Insurance Association had failed to produce concrete plans for a complaints service.

The formation of the bureau was criticised by other insurance groups which later estab*lished PIAS, using the services* provided by the Chartered Institute of Arbitrators.

In his statement, Mr Smith claimed that the bureau had been hastily set up without sufficient consultation and that it contained some undesirable features.

Refuge, after carefully considering both systems, preferred PIAS, where the arbitrator acted in his professional capacity independently of both the insurance industry and the consumer.

Philips 'making progress' on 3-D colour television

BY MAX COMMANDER

THOUGH three-dimensional television in colour without use of special glasses might still be many years awaq, experiements were laying the foundation for an eventual system, said Philips research laboratories at Endhoven, Holland, yesterday.

Dr *Liong* Tan, departmental head of the research laboratories, said at a *demonstration* of Philips' latest developments that while Philips had made progress "there were still problems," not only technical, but in public acceptance.

Some British viewers will be able to watch half-an-hour of the TVs science programme, The Real World, on May 4 showing material taken by the recently-developed Philips 3D camera.

It is planned to distribute more than 500,000 pairs of red and green glasses with TV Times

West German television has made about four hours of 3D transmission at a cost of DM 800,000 (£188,000). A similar transmission on Dutch television was the subject of a recent opinion survey.

Of those questioned 35 per cent said they were "very interested" by 3D, 27 per cent thought it "rather interesting" and 16 *per cent didn't care.*

On picture quality, 42 per cent thought *their picture* better, 29 per cent worse, and 16 per cent had no definite feelings.

Dr Tan said that 3D television was really "in a chicken-and-egg" situation. On the one hand there was not enough material *in stock* to offer a 3D service; and without material people would obviously not buy special *receivers*.

Death benefits proposed for the needy only

BY ERIC SHORT

THE GOVERNMENT recently set out proposals *for* a complete change in the Death Grant benefit—the latest and possibly the final move in its revision of the social security system.

The intention is that total benefit payments will remain unchanged, which is in line with its policy of curtailing public expenditure. So instead of spreading the benefits thinly, the revision aims at payment of realistic benefits to those in need.

The Death Grant benefit is presently only £30—unchanged since 1967. The original benefit in 1949 was £20, so while pensions have been regularly increased and are now automatically index-linked, Death Grants have been virtually ignored by both Tory and Labour Governments.

The result is that payments of the grant now run at about £17m a year while it costs £8m to administer the benefit. So a revision of some kind is long overdue.

The Government's proposals start from the premise that the *cost of a funeral is the first* legal charge on a deceased estate. So it considers that there is little justification for paying a Death Grant where the estate is more than adequate to meet funeral costs. So the grant would be paid only to dependants of anyone whose estate was below £1,500—a figure the Government calculates as being about four times the average cost of a simple funeral.

But this is not the only restriction proposed for payment of the benefit. The Government then turns to the financial means of the person meeting the fuieral costs of the deceased and it proposes that the grant should only be paid to people on low incomes. But the Government wishes to avoid a direct means test and instead offers three options:

● A grant of £250 to those receiving supplementary benefit or family income supplement. About 65,000 people would be *eyigible each year.*

● A grant of £150 to those *receiving supplementary bene*fit, or famiy income supplement, plus those on rent rebates who get rent allowances. About 125,000 people would be eligible.

● A grant of £200 to those on supplementary benefit or family income supplement, plus those on rent rebates or rent allowances below the housing needs allowance. About 90,000 people would be eligible.

The document setting out the proposals emphasises that even at the outset the intention of the Death Grant was that it should meet only part of the funeral expenses.

The proposal has aroused more opposition than any other change made or due to be made to the social security benefits. A campaign has been under way for some years for payment of a realistic death grant to everyone. It should be £195 to maintain the original 1949 value. The formation of the Dignity in Death Alliance is the result of this campaign.

Mr David Hobman, director general of Age Concern and *chairman* of the aliance, has pointed out that many old people are *deeply* concerned about their funeral arrange*ments*. The desire for a "decent burial" is still deeply *ingrained*. It is claimed that old people undergo severe financial hardship in order to put aside enough money to pay for a funeral, and the sum has to be constantly topedp up as funeral costs outpace inflation.

The alliance has rejected the Government's whole concept and reiterated its demands for a realistic Death Grant for everyone.

The Death Grant, A Consultative Document. Comments by July 31, 1982 to the Department of Health and Social Security (B3B-DG) Room 133, Friars House, 157-168, Blackfriars Road, London, SE1 8EU.

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Building industry group warns of long-term damage

BY NICK GARNETT, NORTHERN CORRESPONDENT

THE GROUP of Eight, which represents a wide range of interests in the construction industry, warned yesterday that in the North of England skilled tradesmen were being permanently lost, insufficient replacements trained and entire construction teams broken up.

The group and the North of England County Councils Association (Necca) issued a joint statement saying that when the industry showed signs of a prolonged improvement it might have to make do with ill-trained employees and sub-standard materials.

The two bodies are seeking an easing of restrictions on local authority spending in the region.

The warning follows an approach by the Group of Eight to Necca for support in a campaign to generate life in the construction industry. It reflects the severity of the recession within the industry in the North compared to the rest of Britain.

The association covers five county council areas — Cleveland, Cumbria, Durham, Northumberland and Tyne and Wear.

In these areas, 40,000 construction workers — 40 per cent of the industry's regional workforce — are out of work. The national figure is 25 per cent.

Commissions placed with architects in the North fell by 10 per cent last year, though nationally commissions were up 8 per cent on the previous year.

Northern producers of bricks, sand and cement have been reporting falling sales and the risk of further redundancies. There has already been a 28 per cent reduction in the construction trades apprentice intake.

"Nationally, there is beginning to be an upturn in construction but it is not happening in the northern region," the Group of Eight said yesterday.

The industry's difficulties "can largely be put down to successive spending cuts. If we are to avoid serious problems in the near future then we need a steady, if reduced workload that we can plan to."

The Group of Eight is taking its campaign to the North's 24 district councils and to MPs after securing the backing of the county councils.

Sir Maurice Sutherland, leader of Cleveland County Council and chairman of Necca, said the association's members "are severely constrained by limits on our borrowing powers. In particular, we have great difficulty in planning projects over more than just one year."

Britannia in bid for Laker share stake

By Alan Friedman

BRITANNIA AIRWAYS, the major independent airline, owned by the International Thomson Organisation, is a leading contender for the 50 per cent share stake of Gatwick Handling now controlled by the receivers of Laker Airways.

Mr Roger Davies, managing director of Thomson Travel, said yesterday that an offer had been made to Mr Bill Mackey and Mr Nigel Hamilton, the Laker joint receivers. "We are in discussions with the receivers and we hope the matter will be settled shortly," said Mr Davies.

The stake in Gatwick Handling-Dan-Air owns the other 50 per cent — is Laker Airways last remaining major asset apart from its aircraft. It is expected the purchase price of the Gatwick Handling stake will be about £500,000.

The sale requires the approval of the British Airports Authority (BAA). The BAA monitors such deals to ensure that the purchaser is of solid financial standing. The BAA also needs to be assured that there are no monopoly implications.

Britannia Airways, which specialises in charter tours, uses British Airways' baggage handling services for most of its activities.

Bus group that took a private road to ruin

Robin Reeves reports on a failed Cardiff venture

BRITAIN'S FIRST experiment in subjecting municipal transport to a more bracing competitive climate has ended in disaster—for the challenger.

CK Coaches of Cardiff was the first private bus operator to take advantage of the Conservative Government's 1980 Transport Act and break Cardiff City Council's 50-year-old bus monopoly. Now, a year later, it has been forced to admit defeat.

It abandoned its services last month and handed back its operating licences to the Traffic Commissioners.

CK went into receivership with debts of at least £70,000—a record which could make other operators think twice before taking on Cardiff's transport department. However, it seems another company, Swanbrook Transport, based near Gloucester, plans to apply for the same routes as CK, provided it can negotiate the purchase of CK's garage depot facilities in Cardiff. Swanbrook helped CK in its final days.

CK's year of operations was accompanied by political rows and allegations of unfair competition. There were claims the the city's transport managers, under orders from their Labour masters in the city hall, were saturating CK's routes with extra buses in order to strangle the experiment at birth.

Even so, it seems CK's strategy for capturing a profitable share of Cardiff's bus-travelling public turned out to be wrong. The company assumed that a profitable business could be established by building passenger loyalty through cheaper fares and better service, notably through the use of conductors.

CK used five second-hand buses and non-unionised labour and began by securing licences to operate two services. The company took traditionally profitable routes between the city centre and two Cardiff suburbs, at fares between 25p and 30p. In each case the fares were 14p less than the city's public transport. CK also offered an off-peak flat-rate fare of 20p from Monday to Saturday.

CK competition appeared within weeks to be having the effect desired by the Government. The city's own cheap fares system was revamped and a flat-rate, off-peak fare of 20p was introduced. This was not quite as generous as CK's system because the flat fare lasted for half an hour less each day than CK's, and did not apply on Saturday.

The city transport managers insist that their fare changes had nothing to do with CK rivalry, but were a response to the effects of the recession. Passenger numbers were falling and something had to be done to encourage more passengers, even if it involved risking greater losses.

Evidence of CK's difficulties began to emerge at the beginning of this year, soon after the company was refused permission by the Traffic Commissioners to extend its rivalry to the city's most profitable route. The commissioners accepted the city's argument that it would undermine the cross - subsidisation which covered its loss-making buses. It is doubtful, however, that a new route at that stage would have been sufficient to stop CK's mounting losses.

The city transport department has been staggered by the size of CK's losses. The Company's admitted deficit (even higher losses have been rumoured) of £70,000, works out at a loss of £14,000 a bus.

Mr Ian Trevette, Cardiff transport's deputy general manager, said the city's monitoring of the routes were CK was competing, concluded that rivalry failed to bring in more passengers. The same number were spread between the two.

The experiment will start again soon, assuming Swanbrook succeeds in its bid to replace CK, and the company evidently has a good track record.

But Cardiff's CK experience suggests there are no rich, easy, pickings to be made by breaking into the more profitable routes, even of municipal transport monopolies. In other words, running buses is not a profit-spinning business.

Women tend to reject 'typical housewife' role in advertisements

BY BELINDA NENK

WOMEN RESPOND more favourably to advertisements which portray them as modern and independent rather than those which depict them in the traditional role of housewife, according to the Equal Opportunities Commission.

According to Adam and Eve, a report published yesterday by the commission, advertisements which show women leading up-to-date and diverse lifestyle are likely to sell more products than those using a more traditional approach.

More than 600 women from a wide variety of social backgrounds were questioned about pairs of advertisements — traditional and modern — for four products: Camay toilet soap, Persil automatic washing powder, Contour wallcoverings and the Daily Mail.

The majority of those interviewed preferred the modern treatment in all cases except that of the Daily Mail, for which neither advertisement was found very effective.

The role portrayal most criticised for its unreality, falsehood and stereotyped nature was that of the "typical housewife." But it was the way it was portrayed rather than the role itself which was disliked. The more realistic and the less stereo typed it was, the more effective its power of communication.

The report concludes that modern liberated roles are much more effective than traditional ones. The more natural and realistic the portrayal, the better.

Consultancy company to aid job creation

BY LORNE BARLING

A SCHEME to assist local authorities and other organisations in stimulating industrial development and employment in their areas was launched yesterday by PA Management Consultants.

It has set up a special group within the company, called PA Creating Employment (PACE), which will operate mainly in the Midlands, the North of England, Scotland and Northern Ireland. In the Midlands 30 experienced consultants will be employed.

Mr Stewart Anderson, who is heading the new group, claims that local authorities can benefit considerably from professional advice on how to attract new companies and create jobs in a number of ways.

He was chosen to set up PACE after helping to create about 500 new jobs in Glasgow through Clyde Workshops and helping BSC (Industry) to deal with the rundown in steel plants in the area.

"PACE will define the local problem and then identify ways of solving it. This will be done through a fast but detailed study, giving positive recommendations on practical steps to be taken quickly," he said.

Mr Anderson expects a strong demand for this service in the West Midlands, where unemployment has risen to nearly 20 per cent in some areas and many local authorities are seriously concerned about the position becoming even worse.

PA believes that its close links with industry, developed through many years of management consultancy work, will allow PACE to help in promoting closer liaison between local companies to assist growth through mergers, de-mergers, and other inter-company deals.

It will also be looking for large investment projects to place in suitable areas, but it is stressed that PACE will adopt a subtle approach at a time of fierce competition for inward investment.

The company points out that through its large staff abroad it is in close contact with industry in many parts of the world and is therefore in a good position to advise on where new factories should be located in the UK.

Mr Anderson regards the role of existing industry in stimulating local growth as vital, particularly in partnership with public sector investment. A joint approach of this kind, involving the Industrial and Commercial Finance Corporation, has recently been made in Birmingham.

PA also believes it can help both new and existing companies in product development by using the group's engineering "think-tank," which operates laboratories and technology centres on both sides of the Atlantic.

This is seen as particularly relevant to companies faced with a declining market for their existing product ranges, which foresee a substantial loss of jobs unless new products can be developed.

PACE's services are also being offered to nationalised industries which see the likelihood of large-scale factory closures or rationalisation, and to property and industrial development companies seeking new investment opportunities.

'More regional incentives needed for small firms'

BY ANTHONY MORETON, REGIONAL AFFAIRS CORRESPONDENT

REGIONAL INCENTIVES could be redesigned to make them more relevant for small concerns, thus making a significant contribution to the growth of this sector in problem areas.

Mr Kevin Allen of the University of Strathclyde made this suggestion yesterday in a paper on recent trends in European regional incentive policy submitted to the London conference of the Regional Studies Association on The Changing EEC Context for Regional Development

Mr Allen told the conference that the dropping of size restrictions discriminating against small companies and the introduction of a two-tier application procedure with a simplified application process had much to commend them.

He suggested that information and advice services available in problem regions could be improved. "There is little doubt that many firms, and particularly small firms are ignorant about the aids on offer or else harbour such misconceptions as to (wrongly) consider themeslves ineligible."

Regional incentive policies in the Community had recently changed for the worse, he said. There had been a "very strong move" towards cuts in the last five years.

The number of areas eligible for assistance had been reduced, with Denmark and Britain two of the first countries to introduce cuts. Significant changes had also taken place in West Germany, Belgium and Italy.

Mr Allen said that between 1975 and 1979 regional incentive expenditure had increased overall. Since then there had been a general decline.

This downward trend had occurred when the regional problem urgently required more, not fewer, resources, he commented. But he admitted that even when the trend was upwards regional policy was not enough to stop deterioration in the scale of the problem.

Teachers vote to end caning

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

THE BANNING of corporal punishment in all state schools by 1984 was demanded by the National Union of Teachers' conference in Scarborough yesterday.

Although opposed by the NUT executive, the resolution was passed overwhelmingly. It marks a complete change of the union's policy and instructs the executive to press local and central Government for the replacement of caning by other sanctions.

But the NUT's main rival, the National Association of Schoolmasters and Union of Women Teachers, decided also overwhelmingly at its conference in Blackpool that whether or not to use the cane should be left to teachers' own discretion.

UK NEWS—LABOUR

Fears over quality of civil servants

BY DAVID GOODHART, LABOUR STAFF

THE QUALITY of recruits to the high-flying administrative trainee grade of the Civil Service has fallen in recent years, according to the latest evidence to the Megaw inquiry into Civil Service pay.

A report on recruitment and retention by the management and personnel office of the Civil Service says: "There has been a long-term decline in the number of candidates given the top mark in the competition."

The MPO also points to increasing recruitment difficulties in some specialist grades, including electronic engineers, nuclear installation inspectors and computer scientists.

"Shortages in these and other grades have a disproportionate effect on the ability of the service to perform its statutory and non-statutory obligations," says the report.

The Council of Civil Service Unions says this new evidence knocks a hole in the Government's recruitment strategy. Mr Peter Jones, secretary of the council, said the report confirmed worrying losses among Civil Servants with more than two years' experience.

"Looked at over the last 10 years, wastage has not changed much, which shows the Government cannot just rely on an employers' market to provide a more efficient use of labour," he said.

Depressing the pay and conditions of Civil Servants did not pay in the long run, because the expensive training in specialist grades would be wasted when they moved job." Mr Jones said.

He added that many "bright, young, Oxbridge graduates have been put off the Civil Service because of the Government's continual denigration of public service."

The recruitment of good staff into the executive officer grade was becoming harder. "The report shows that nearly 500 EO vacancies were not filled last year because of the low calibre of applicant."

High voluntary resignation rates are still concentrated among staff of less than five years' service—they accounted for 70 per cent in 1980, says the report.

It shows the overall resignation rate fell to about 4.2 per cent last year compared with 6.1 per cent in 1980, 8.8 per cent in 1979 and 8.4 per cent in 1978.

The voluntary resignation rate was 25 per cent among clerical officers under 25 in 1979.

Statistics on wastage from 1980 show that voluntary resignation accounted for 61 per cent of all leavers, age retirement 28 per cent and death, ill health, inefficiency, redundancy and dismissal 11 per cent.

The CCSU believes it is timely that the report has been published just before the arbitration hearing on their pay claim next Monday. The 550,000 non-industrial civil servants put in a claim for a 13 per cent pay rise and the Government offered between nought and 5 per cent.

The report highlights other problem areas for specialist recruitment, including: vets, seismic interpreters, accountants, electricity meter examiners and mine inspectors.

Roadline faces fight over pay and jobs

By Brian Groom, Labour Staff

ROADLINE, the parcels business of the recently denationalised National Freight Company, may face a clash with the NFC's biggest union over possible depot closures and job losses, as well as pay.

The threats come from the Transport and General Workers' Union, which opposed the buy-out of the NFC in February by a consortium of managers, staff and pensioners.

Regional union delegate meetings have overwhelmingly rejected a "final" pay offer of 5 per cent on basic rates to Roadline's 3,000 drivers and other operating staff.

A variant of the offer would give 6 per cent to drivers and 3.7 per cent to other grades. Bonus payments are also under discussion.

The TGWU wants a further meeting with the company, likely within a fortnight. The union will consult members on industrial action if no improved offer is made.

Industrial action would involve some TGWU members who have bought shares in the company.

The union, which believes the buy-out did not establish a true co-operative and did not safeguard the interests of worker shareholders, has warned them that they may face redundancy.

Mr John Moore, TGWU regional officer, said Roadline planned to close its City Road branch in London, which has some 250 workers. Senior shop stewards have voted to resist any closures by all possible means, including refusal to accept work transferred to other depots.

Roadline said yesterday that it had no firm plans to close City Road, though this had been discussed as a possibility. If it did close there would be opportunities for workers to transfer to other depots.

Shares have been bought by 8,937 managers and employees of NFC and members of their families. It has 26,000 employees.

Institute of Directors proposes job-sharing scheme for trainees

BY JOHN LLOYD, LABOUR EDITOR

A SCHEME to cut wage costs without cutting wage rates has been proposed by the Institute of Directors for the forthcoming Youth Training Scheme—and the plan is likely to get government backing.

Mr Walter Goldsmith, the Institute's director, says in a letter to Mr Geoffrey Holland, director of the Manpower Services Commission, that the scheme should encourage employers to "set up job-sharing arrangements under which a single full-time wage would be shared between two school-leavers."

Each school leaver would be paid the hourly "rate for the job," but would work only half the week.

The scheme would escape the charge that employers were trying to cut wage rates. Trade union members of the MSC have levelled such accusations over the proposal by Mr Norman Tebbit, the Employment Secretary, to pay the trainees a weekly allowance of £15.

The CBI and independent representatives on the MSC has backed the TUC's position, and called for a dekely wage of at least £25.

Mr Tebbit will face the difficult decision, later this month, of attempting to push through his original allowance level, or bowing to the united opposition.

Mr Goldsmith's initiative is clearly designed to develop a positions. It takes in Mr Tebbit's belief that young workers are pricing themselves out of jobs, by lowering the wage costs to employers. It also tries to deal with unions' complaints of wage-cutting, by keeping the rate at its present level.

Mr Goldsmith has been an influential voice in Mr Tebbit's ear and it is understood that the scheme would find friends within the Government—particularly since it would not require a major rearrangement of the Government scheme. The Industry Department is against job sharing as a matter of principle, but believes that, in a scheme where public money is already ollocated, an attempt to share jobs without raising wage costs would help bring down unemployment.

Mr Goldsmith says that while job sharing is only a short term solution, "it would be one of the more useful palliatives to unemployment

"It would offer youngsters the opportunity of real, albeit limited, employment upon completion of their YTS training period, and would provide employers with a workforce of sufficient size to respond quickly to an upturn in trade. It could have a very significant, though regionally varied, impact on the unemployment figures of this age group."

Mr Goldsmith's letter says to the MSC employers would be keen to participate in this scheme provided they gained full YTS grants for each part-time worker taken on, thus obtaining twice the financial support they would have done employing a single, full-time school leaver.

BBC TV work-to-rule may spread

By Ivo Dawnay, Labour Staff

A WORK-TO-RULE by about 100 journalists at BBC television news may spread to the corporation's national and local radio stations.

A meeting of National Union of Journalists' Broadcasting Industrial Council decided yesterday to order mandatory meetings of members across the country to discuss action over pay and conditions.

The journalists began an indefinite work-to-rule yesterday in response to a 6.5 per cent pay offer. They are refusing to cover for absent staff or to "act up" by standing in for senior colleagues.

Mr John Foster, NUJ national officer for broadcasting, said that the dispute at BBC Television Centre underlined widespread bitterness at the management's failure to tackle long-standing grievances about pay and hours of work.

BBC journalists were paid between 30 per cent to 75 per cent less than those in similar grades in independent television and radio companies, he said.

The BBC said that informal contacts were continuing with journalists' leaders and the corporation was prepared to discuss the problems as a matter of urgency.

Television news broadcasts would not be disrupted

Officers resist Sealink pay cuts

BY IVO DAWNAY, LABOUR STAFF

MERCHANT NAVY officers at Harwich yesterday voted by an overwhelming majority to resist any attempt by Sealink UK to impose pay cuts and change working practices without consultation with their union.

A meeting at the Harwich ferry terminal accused the company of "incompetence and ineptitude" and demanded an independent inquiry into the management of the business.

Mr Nick Lorentzen, chairman of the Merchant Navy and Airline Officers' Association liason committee, said the men would not actively prevent the close-down of one of the two Harwich Dunkirk train ferry services scheduled to go ahead on Sunday.

Sealink's plans disclosed earlier this week include pay cuts for officers and ratings and up to 380 redundancies.

The proposals would reduce officers' pay by more than 10 per cent and cut annual leave by 14 days. The National Union of Seamen estimates that bo'suns' total weekly earnings of £251 will be cut by £84. Able-seamen's wages—£175 per week—will be reduced by £29.

Mr Lorentzen said the officers were "more than happy" to talk to the British Rail subsidiary about reorganisation of the service, but they were not prepared to accept imposition of the plan.

Sealink management will meet representatives of the NUS on Monday and talks with the MNAOA are expected to take place later in the week.

The company said last night that the unions had been notified some time ago that agreement on reorganisations plans would be sought. "We are hopeful that the unions will accept that the changes are necessary," it said.

OBITUARY

Terry Parry—firemen's strike leader

BY JOHN LLOYD, LABOUR EDITOR

MR TERENCE (TERRY) PARRY, who died yesterday aged 60, had been secretary of the Fire Brigades Union since 1964.

He was president and chairman of the TUC in 1980, and chairman of its Social Insurance and Industrial Welfare Committee for eight years until 1981.

Born at Coniston, in the Lake District, Mr Parry joined the fire service in 1946. He was created CBE in 1976. A year later he became a household face and name when he led the nine-week firemen's strike from November 1977 to January 1978.

A consistent Left-winger, Mr Parry was widely respected in the trade union movement and beyond it for his work on health and safety issues, in which his knowledge and experience were acknowledged to be wide.

He was much liked for his quick wit, deployed to full effect during his successful chairmanship at the 1980 Trades Union Congress, where his performance was the more impressive because of the considerable pain he was under.

Mr Len Murray, TUC general secretary, said last night: "Terry was a man of the people, and always for the people."

"His deep practical understanding of the needs of ordinary men and women, his compassion and instinctive total commitment to winning them a better life were always his guides ot action."

Mr Ken Cameron, who succeeded Mr Parry last year as general secretary, said: "Terry's death is not only a tragic loss for the union, but for the whole of the trade union movement in this country and abroad."

TUC demand on textiles

BY OUR LABOUR CORRESPONDENT

A DEMAND for a tougher stand from the Department of Trade over the negotiation of the third stage of the Multi-Fibre Arrangement (MFA) was made at yesterday's meeting of the TUC textile and clothing committee.

The MFA regulates textile trade between the EEC and low-cost suppliers from the Third World.

The committee expressed fears that MFA-3 would be fully ratified before the interests of the British textile and clothing industry had been established in detailed negotiations.

The broad outlines of MFA-3, which imposes more liberal trade quotas on EEC countries, have already been endorsed by the EEC Council of Ministers.

The committee also registered an objection to the EEC council's endorsement of a new regulation on outward processing—by which EEC countries export cloth to low-cost countries and then re-import. Outward processing has been expanded. The TUC committee believes it should be reduced.

APPOINTMENTS

Promotion at Plessey

Mr I. W. Maclean has been appointed chief executive of PLESSEY OFFICE SYSTEMS based in Beeston, Nottinghamshire. He succeeds Mr J. E. Donnelly, who has returned to the U.S. for family reasons. Mr Maclean joined the Plessey Company in 1957 and has held appointments in Australia, the U.S. and the UK. His most recent appointment has been that of director and general manager of the business systems division of Plessey Office Systems.

★

Mr John B. Fraser, president of Morgan Grenfell Incorporated, has joined the board of MORGAN GRENFELL & CO. He will continue to be resident in New York.

★

Mr John Allen, Mr David Cockram, Mr Peter de Val, Mr Gordon Ireland and Mr Peter Van der May (New York) have been promoted to the senior management of VICKERS DA COSTA, stockbrokers.

★

The Lord Chancellor has appointed Mr Justice Anthony Lincoln to be the president of the RESTRICTIVE PRACTICES COURT in succession to Lord Justice Slade, and has nominated Mr Justice Warner to be a member of the Court.

★

Mr Frank O'Shanohun has been appointed chairman of EXTEL PUBLIC RELATIONS and Mr David Wynne-Morgan deputy chairman and chief executive. Mr Fred Barlow and Mr David Harrison have been appointed managing directors. Mr Stanley Gale has joined the board.

★

Mr J. G. S. Boon, Mr M. Phipps, and Mr R. W. B. Wrighton will be joining the partnership of SCRIMGEOUR, KEMP-GEE & CO., stockbrokers on April 19.

★

WESTLAND has appointed Mr A. V. N. Reed, a director in addition to his duties as deputy managing director of its main subsidiary, Westland Helicopters.

★

QUILTER GOODISON & CO., stockbrokers, has admitted Mr Michael Cuddigan, Mr Matthew Windridge, Mr John Fuller, Mr Michael Mahoney and Mr Robert Pack into the partnership. Mr Michael Chase has retired, but remains an associate member.

★

Mr Delwyn Dennis has been appointed to the board of GOOD RELATIONS GROUP.

★

GENERAL PORTFOLIO LIFE INSURANCE COMPANY has appointed Mr Chris Clark a director and actuary. He was joint actuary of The Munich Reinsurance Company in the UK.

FT COMMERCIAL LAW REPORTS

Digest of cases reported in Hilary Term

FROM MARCH 9 TO APRIL 7, 1982

Commissioners of Inland Revenue v Metrolands (Property Finance) Ltd (FT, March 9)

The question at issue was whether Metrolands, after receiving a compliance notice in answer to its purchase notice served on the local council, and having subsequently agreed to the compensation offered, was liable for development land tax. The Law Lords held that the transaction amounted to much more than a mere offer and acceptance forming a contract. It was land acquired compulsorily under the Planning Acts and therefore liable to DLT.

Western Sealanes Corporation v Unimarine SA (FT, March 10)

When the Pythia collided with another ship just short of its port of discharge, the parties agreed to put up funds to cover the cost of discharging the cargo still on board, leaving the ultimate responsibility to be settled later. The owners maintained that the costs ought to be borne by the timecharterers as the ship was at her discharging place, while the charterers contended that the owners were responsible as the voyage was incomplete. Mr Justice Goff held that the charterers had given no express order designating a new discharging place and were under no obligation to do so. They were therefore not liable for the costs.

The Garden City (FT, March 12)

Under the Merchant Shipping Act 1894, liability for loss is limited unless the "actual fault or privity" of the shipowner is proved. This, the Admiralty Court decided, is primarily an issue of business management and not of navigation. When the Master and the ship's third officer were at fault in a collision at sea in fog, it was not the shipping company's "directing mind" that was to blame. The state-owned, Polish shipping company had reached the standard required of a reasonable and prudent shipowner in the circumstances.

Tradax Export SA v Dorada Compania Naviera SA (FT, March 16)

When can the owners of a chartered vessel invoke the "Draconian sanction" of withdrawal? The owners of the Lutetian had withdrawn their ship after the charterers, who were under a contractual obligation to pay one month's hire in advance, first deducted for an off-hire period when the vessel was under repair. The Commercial Court accepted that the parties intended the owners to be secured by payment in advance for hire which they would or might earn; it was not their intention that they should be secured for hire that they would never earn.

Excess Life Assurance Company Limited v Fireman's Insurance Company of Newark (FT, March 17)

Excess insured itself for the dishonest or fraudulent acts of its "employees or agents" with the defendants. When Excess discovered that a group of brokers had been selling sham policies on its behalf, it turned to the insurers for an indemnity against the loss. Mr Justice Webster held that there was nothing in English law and practice which precluded the group, although described as brokers and regarded as agents for the policy-holders, from having acted as agents for Excess as well.

Garbis Maritime Corporation v Philippine National Oil Company (FT, March 19)

A charterparty called for the Master to sign bills of lading "in the form appearing below," which was the form set out at the end of the charter. When the bills of lading were presented but did not appear in the specified form, the Master refused to sign them. Mr Justice Goff held that the charterers committed a breach in so presenting the bills, and were liable in damages for the ship's detention as a result.

Chilean Nitrate Sales Corporation v Marine Transportation Co. Ltd. (F.T., March 23)

The Appeal Court considered the question of when a party could strike to terminate a contract upon the other side's apparent failure to perform their obligations. An envinced intention of a refusal to perform a future obligation sufficed to establish a renunciatory or repudiatory breach. But the refusal not only had to be clear and absolute. It had to be so within the circumstances existing at the time of the alleged repudiatory conduct.

Tower Hamlets London Borough Council v British Gas Corporation (F.T., March 24)

One way of terminating a contract which specifies no condition to that effect, is to infer a power to terminate from the parties' intentions at the time they contracted. This principle enabled British Gas to terminate its contract to supply natural gas to a new development in the Borough. Mr Justice Foster held that it was not credible that British Gas, upon contracting, would have agreed to supply gas at a fixed price for eternity. Reasonable notice to terminate was all that was required.

Coates (Inspector of Taxes) v Arndale Properties Ltd (F.T., March 26)

The extent to which the recent approach by the House of Lords on tax avoidance schemes overturns its earlier decisions is yet to be delimited. In this case, Mr Justice Goulding held that the purchase and sale of property were trade dealings for corporation tax purposes, although the only motive for the entire transaction was a favourable tax outcome for the companies in the group. He was not prepared to accept that this motive was so decisive as necessarily to deprive the operations of their trading character.

Paal Wilson & Co A/s v Partenreederei Hannah Blumenthal (FT, March 30)

By a majority, the Appeal Court held that an arbitration agreement was subject to the ordinary incidents of the law of contract, including the doctrine of frustration, which applied, as in contract, when the passage of time brought about a radical change in the nature of the obligation. Thus when the claimants failed to pursue their claim for 11 years, the respondents could say that this was not the arbitration to which they had originally agreed.

Malvern Hills District Council v Secretary of State for the Environment and Another (FT, March 31)

In this case, everything depended on the date when development of a site was "begun" by the developers. If work started after the permitted time, the council could call upon them to halt further operations. The Court of Appeal, Lord Denning dissenting, held that by pegging out a road, the developers had begun development within the time.

Amin Rasheed Shipping Corporation v Kuwait Insurance Company (FT, April 2)

Although an insurance form closely followed the language of an English marine insurance policy, it could not be inferred that the parties intended to subject their contract to English law. The fact that the form was so much in use as to become part of the common currency of international insurance could not be ignored in deciding that the proper law of the contract was Kuwaiti law.

Tandon v Trustees of Spurgeons Homes (FT, April 6)

The residential part of a combined shop and dwelling was on the first floor, and the shop on the ground floor. The House of Lords held that it could reasonably be called a "house" for the purpose of enfranchising the lease under the Leasehold Reform Act 1967, and the fact that it could also reasonably be called something else was immaterial. The leaseholder was therefore entitled to acquire the freehold.

Universe Tankships Incorporated of Monrovia v International Transport Workers' Federation and others (FT, April 7)

A union federation blacked a ship until its owners paid a sum of money into a federation "welfare" fund. The House of Lords held that the owners were entitled to recover the money because it was extracted under economic duress. The federation was not immune from liability on the ground that it acted in furtherance of a trade dispute, because the payment was unconnected with the crew members' terms of and conditions of employment.

The law reports will recommence for the Easter Term on Tuesday April 20.

by Aviva Golden

RACING

BY DOMINIC WIGAN

BARRY HILLS produces another highly rated filly in Slightly Dangerous at Newbury this afternoon. It will be interesting to see how this once-raced daughter of Roberto fares against Stratospheric in the Fred Darling.

The two should dominate this seven-furlong trial, and Slightly Dangerous will test the Arundel filly, if her pedigree and race course promise of last year are anything to go by.

Slightly Dangerous is the rangy daughter of Where You Lead, who chased home Mysterious in the 1973 Oaks, and a grand-daughter of Noblesse, the outstanding Oaks winner of ten years earlier. She could hardly have made a more auspicious start to her career.

The good-looking bay was sent to Ascot in the autumn and ran away with the Duke of Edinburgh Stakes.

Jeremy Hindley trains a useful middle distance colt in the making in Parisio, and I am hopeful the Sham bay can justify the trip from Newmarket with a win in the opening division of the Spring Maiden Stakes. Parisio, a son of Miralla, who won the Irish 1,000 Guineas promise promise at Newmarket over seven furlongs in his only race as a two-year-old This afternoon's mile-and-three-furlongs looks tailor-made for him.

Only five jumpers turn out for this afternoon's Scottish Champion Hurdle at Ayr. Little Bay could spring a surprise in the absence of Gay Chance and Pollardstown, by wearing down the in-form Gay George.

NEWBURY
1.00—Nunswood
2.30—Parisio**
3.00—Street Market*
3.30—Stratospheric***
4.00—Le Gran Brun
4.30—Forward
5.00—Step Dance

AYR
3.15—Little Bay

TELEVISION

Chris Dunkley: Tonight's Choice

In tonight's semi-final of the Young Musician Of The Year on BBC-1, eleven wind players compete for a place in the final and the judges include clarinettist Jack Brymer. Newsweek on BBC-2 looks at the idea of spending your way out of recession:

ITV launches another of those bitsa comedies: Bitsa this and bitsa that. For the Bounder they've taken the writer from "Rising Damp" the producer/director from "Only When I Laugh," Peter Bowles's smoothie character from "To The Manor Born" and George Cole from "Minder" playing a second-rater once again. Who knows, even though the best sitcoms have invariably involved casting not with but against type, perhaps this one will work.

"Playhouse" on BBC-2 represents a television debut for both the writer, Terence Hodgkinson and the director, Jane Jackson. The play The Queen Of Annagh is another in the recent run of shortworks in this slot. Nancy (played by Diane Fletcher) is the only person left on Annagh, a small Scottish island which became a penal colony for dissenting intellectuals after the outbreak of World War III. Then Michael (Eamon Boland), a young pilot officer is washed up on the shore.

BBC 1

9.50 The Wombles. 9.55 Jackanory. 10.10 Lassie. 10.30-11.00 Why Don't You. 12.30 pm News. 1.00 Pebble Mill At One. 1.45 Heads and Tails. 2.00 Go With Noakes. 2.30 Encounters with Animals. 3.20 Pobol Y Cwm. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Help! It's The Hair Bear Bunch. 4.40 Fourpence a Day. 5.20 Newsround Extra. 5.35 The Perishers.

5.40 Evening News.
6.00 Regional News Magazines.
6.22 Nationwide.
6.55 Young Musician of the Year.
7.30 Odd One Out with Paul Daniels.
8.00 The Enigma Files.
8.50 Points of View with Barry Took.
9.00 News.
9.25 Dad's Army: Man of Action.
9.55 McClain's Law, starring James Arness in "What Patric Doesn't Know."
10.45 The Great West Road: An architect's journey.
11.13 News Headlines.
11.20 The late film: Better a Widow (1968) starring Virna Lisi, Peter McEnery.

BBC 2

6.40-7.55 Open University.
11.00 am-11.25 Play School.
5.10 pm The Mindful Way.
5.35 Weekend Outlook.
‡5.40 Sherlock Holmes and The Secret Code (1946).
6.50 Something Else.
7.35 One Hundred Great Paintings.
7.45 News Summary.
7.50 Gardeners' World.
8.15 Newsweek.
8.50 Mama Don't Allow.
9.30 Playhouse: "The Queen of Annagh."
10.05 Scoop.
10.35 Poems in their Place.
10.45-11.35 Newsnight.

LONDON

9.30 am Rocket Robin Hood. 9.45 Wild Canada. 10.35 Michel's Mixed-up Bird. 11.25 Paint Along with Nancy. 11.55 The Bubblies. 12.00 Song Book. 12.10 pm Once Upon A Time. 12.30 Our Incredible World. 1.00 News. 1.20 Thames News. 2.00 After Noon Plus. 2.45 Friday Matinee. 4.15 Watch It. Road Runner. 4.20 Razzmatazz. 4.45 Freetime. 5.15 Film Fun.

5.45 News.
6.00 The 6 O'Clock Show.
7.00 Family Fortunes
7.30 Survival Special... The Missing Monsoon.
8.30 The Bounder... He's Not Heavy—He's My Brother-In-Law.
9.00 We'll Meet Again... You'll Never Know starring Susannah York and Michael J. Shannon.
10.00 News.
10.30 Benson.
11.00 The London Programme Rotten Estates.
11.35 Dolly starring Dolly Parton.
12.05 am Bizarre.
12.35 Sit Up and Listen.

‡ Indicates programme in black and white

All IBA Regions as London except at the following times:—

ANGLIA

9.30 am Cartoon Time. 9.45 Rocket Robin Hood. 10.10 Feature Film. 11.50 Wattoo, Wattoo. 1.20 pm Anglia News. 6.00 About Anglia. 11.00 Members Only 11.30 Friday Late Film: "The Man Who Would Not Die." 1.05 am Dear Diary.

BORDER

9.30 am The Poetry of Landscape. 9.45 Sesame Street. 10.45 Bailey's Bird. 11.10 The World We Live In. 12.30 pm Vet. 1.20 Border News. 6.00 Lookaround Friday. 6.30 The Electric Theatre Show. 10.30 Worth Keeping. 11.00 Danger UXB. 12.00 Border News Summary.

CENTRAL

9.35 am 3-2-1 Contact. 10.05 Falcon Island. 10.30 The New Accelerators. 11.00 Jetstream. 12.30 pm Vet. 1.20 Central News. 6.00 Central News. 10.30 Central's Girl of the Year 1982. 10.50 Central News. 10.55 Invitation to Robbery.

CHANNEL

11.55 am Look and See. 12.30 pm Vet. 1.20 Channel News. 6.15 Harn's Boomer. 6.00 Channel Report. 6.35 Spiderman.

GRAMPIAN

9.45 am First Thing. 9.50 Helas and Batchelor. 10.35 Stingray 11.00 Sesame Street. 12.30 pm Vet. 1.20 North News. 6.00 North Tonight. 10.30 The Late Night Horror Show: "Dracula AD 1972." 12.15 North Headlines.

GRANADA

9.30 am Circus. 9.50 Untamed World. 10.15 Animated Classics. 11.00 Sesame Street. 12.30 pm Vet. 1.20 Granada Reports. 1.30 Exchange Flags. 6.00 Kick Off. 6.30 Granada Reports. 10.30 Bizarre. 11.00 A Week on Friday. 11.30 The Late Film.

HTV

9.45 am Larry the Lamb in Toytown. 9.55 Flower Stories. 10.05 Roadrunner. 10.15 Charlie's Angels. 11.05 Robson's Choice. 12.30 Vet. 1.20 HTV News. 6.00 HTV News. 6.30 Mork and Mindy. 10.30 HTV News. 10.30 Sporting ... HTV Cymru/Wales—As HTV West except: 12.00-12.10 pm Beth am Sion? 4.15 Ynn Nghysgod Y Llwyn. 5.15-5.45 Mr and Mrs. 6.00 Y Dydd. 6.15 Report Wales. 6.30-7.00 Making It Work. 10.30-11.00 Outlook.

SCOTTISH

9.30 am Patterns. 9.55 Black Beauty. 10.40 Diff'rent Strokes. 11.05 Then Came Bronson. 11.50 Wattoo Wattoo. 12.30 pm Vet. 1.20 Scottish News. 2.45 The New Fred and Barney Show. 3.15 Barney Google 3.20 Beyond Westworld 4.15 Cartoon. 5.15 Mr and Mrs. 6.00 Scotland Today. 6.30 Sports Extra. 6.45 Hear, Here. 10.30 Ways and Means. 11.00 Late Call. 11.05 Movies Through Midnight.

TSW

9.25 am Paint Along with Nancy. 10.00 Easter Day Horse Parade. 10.15 Story Hour. 11.05 It's a Musical World. 12.30 pm Vet. 1.20 pm TSW News. 4.15 Gus Honeybun's Magic Birthdays 6.00 Today South West. 6.30 What's Ahead. 10.32 TSW News. 10.35 Mysterious Tales 10.40 House Calls. 11.10 Continental Cinema. 12.40 Postscript. 12.45 am South West Weather.

TVS

9.35 am Kum Kum. 10.00 The Neptune Factor. 11.35 European Folk Tales. 12.30 pm Vet. 1.20 TVS News. 5.15 Watch This Space. 6.30 Coast to Coast. 6.30 Friday Sportshow. 10.30 Bizarre. 11.00 Restricted: The Pink Telephone. 12.40 am Company.

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 9.30 Spread Your Wings. 9.55 Stingray. 10.20 Animated Classics 11.05 Max and Moritz. 11.50 Sally and Jake. 12.30 pm Vet. 1.20 North East News. 6.00 North East News. 6.02 Sportstime. 6.30 Northern Life. 10.30 North East News. 10.32 The Friday Night Film: "Neither The Sea Nor The Sand." 12.30 Poet's Corner.

ULSTER

12.30 pm Vet. 1.20 Lunchtime. 4.13 Ulster News 5.15 Milestones or Millstones. 5.30 Good Evening Ulster. 6.30 Diff'rent Strokes. 10.29 Ulster Weather. 10.30 Witness. 10.35 Lou Grant. 11.35 News.

RADIO

(S) Stereophonic broadcast
‡ Medium Wave only

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates 11.30 Dave Lee Travis. 2.00 pm Steve Wright. 5.30 Newsbeat. 5.45 Roundtable. 7.00 Andy Peebles. 10.00 The Friday Rock Show (S).

RADIO 2

5.00 am Nick Page (S). 7.30 Ray Moore (S). 10.00 Jimmy Young (S). 12.00 Gloria Hunniford (S). 2.00 pm Ed Stewart (S) 4.00 David Hamilton (S). 5.45 News; Sport. 6.00 John Dunn (S). 8.00 Sequence Time (S) 8.45 Friday Night is Music Night (S). 9.55 Sports Desk. 10.00 The Random Jottings of Hinge and Bracket. 10.30 Anything for a Laugh. 11.00 Brian Matthew with Round Midnight. 1.00 am Night Owls (S) 2.00 Star Wars (S). 2.27-5.00 You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert. 9.00 News. 9.05 This Week's Composer (S). 10.00 Chicago Symphony Orchestra (S). 10.50 Schubert (S) 11.40 Peter Warlock and Trevor Hold (S). 12.15 pm BBC Welsh Symphony Orchestra (S). 1.00 News. 1.05 Concert (S). 2.00 Viola and Piano (S) 2.40 Youth Orchestras of the World (S). 3.20 Flute and Harpsichord (S). 4.00 Choral Evensong (S). 4.55 News. 5.00 Mainly for Pleasure (S). 7.00 Ionych. 7.30 Mozart and Schubert (S) 8.00 Through a Night. 8.20 Concert (S) 9.10 The Quality of Mercer 9.50 20th-Century Music for Strings (S). 11.00 News. 11.05-11.15 Italian Ars Nova (S).

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 8.43 The Richard Stilgoe Letters. 9.00 News. 9.05 Desert Island Discs (S). 9.45 A Sideways Look At ... by Anthony Smith. 10.00 News. 10.02 International Assignment. 10.30 Daily Service. 10.45 Morning Story. 11.00 News; Travel. 11.03 You the Jury (S). 11.48 Bird of the Week. 12.00 News. 12.02 You and Yours. 12.27 Frank Muir Goes Into ... (S). 1.00 The World at One; News. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News; Travel. 3.02 Afternoon Theatre. 4.00 News. 4.02 Edward Blishen. 4.10 Locally Speaking. 4.40 Story Time. 5.00 News. 5.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of The Week (S). 8.10 Profile. 8.30 Any Questions? 9.15 Letter from America. 9.30 Kaleidoscope. 10.00 The World Tonight; News. 10.35 Week Ending (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Chamber Jazz. 12.00 News. 12.15-12.23 Shipping Forecast; Inshore Waters Forecast.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Promotional hiccups—and how to cure them

Arnold Kransdorff describes the psychological hurdles to be overcome by ambitious managers as they climb the career ladder

IN SPITE of an outward appearance of efficiency and confidence John Schingler has found the past seven years far from easy. During that time he has been promoted through four senior management jobs—and every move has been a nightmare.

In retrospect the pattern, curiously enough, was always the same. After an initial burst of enthusiasm there was a sense of being overwhelmed; he would suddenly realise that his expectations did not match up to the reality of his new job.

This always led to depression and a critical period when he would start to question his own competence—not exactly a healthy state of mind for an ambitious executive with onerous responsibilities.

In the event Schingler, who is sales and marketing director, Europe, for Commonwealth Holiday Inns of Canada, found that this phase would eventually pass. Confidence—and an improved level of competence—would return, and this would lead to another promotion.

But then the sequence would start all over again. Why was there never any length of time when he felt he was really on top of the job? And would success always be such a struggle?

Today he thinks he is a little closer to answering these questions, thanks to an unusual management development programme he attended at Cranfield School of Management in Bedfordshire. The course is the brainchild of two young academics, Chris Parker and Ralph Lewis, who have joined with the Hotel and Catering Industry Training Board to help managers overcome a number of recurring problems associated with promotion.

From research carried out in the hotel and catering industry, Parker and Lewis have concluded that no matter how competent individuals are at one level, they are automatically less competent, and in some cases incompetent, at higher levels for anything up to two years after transition—a factor not fully appreciated by either managers or companies, they say.

At more senior levels the transition period can be up to four years, they add.

Although the research was concentrated on how newly promoted managers saw themselves, Parker and Lewis say that those feelings of incompetence usually translated themselves into varying degrees of reality.

Often, they say, companies are totally unaware of any downturn in an individual's performance, mainly because managers are able to bluff their way through difficult situations.

If the research is right, its results pose a serious problem for industry—and one which raises doubts about the practice of moving managers, on average, every few years. Apart from the fact that there is little opportunity to prepare for promotion, it means that managers like John Schingler are achieving satisfactory levels of competence for only short periods in their working life.

How effectively individuals tackle these problems depends on a combination of competence, self-knowledge and the support and guidance provided for them during transition, says Parker and Lewis.

"Succession planning and training for promotion can do a lot to improve competence by enhancing technical abilities and contributing to general experience," they say.

Parker and Lewis found that some typical problems faced in transition, especially by those coming into management for the first time, were feelings of isolation and loneliness—emotions that the individual was usually totally unequipped to handle. The same people were usually vulnerable to pressure groups within the company because they were unskilled at playing internal political "games."

Newly-promoted managers also tended to feel strain more quickly and made decisions either too hastily or not at all.

To deal with these and other related problems, Cranfield has set up a three-phase programme over 10 weeks, consisting of two four-day residential sessions at the business school and a one-day regional workshop. Although the organisers do not pretend that the course is an instant cure-all, an important element of the tuition is to repair bruised egos and boost confidence.

"As one of the most important problems is how individuals perceive themselves, we spend a lot of time on self-appraisal," says Parker.

"We encourage groups to discuss each other's personalities and their strengths and weaknesses. We illustrate how they relate to people, teach them how to handle aggression, stress and conflict and how to give and take criticism. We also include instruction on how to communicate and how to listen, how to be assertive, how to build self-esteem and how to say no to demands from senior managers.

"Also, we teach them to play politics well and such basic skills as how to negotiate, how to run meetings, and how to put teams together."

Cranfield has been running its "transitions" programme for just 14 months and attendance has totalled more than 100 middle and senior managers from companies such as Holiday Inns, Grand Metropolitan, Granada Motorway Services, Centre Hotels, and Whitbread Breweries. The reason it has concentrated on one industry is because of its association with the Hotel and Catering Industry Training Board.

Up to now the training board has been part-financing the £1,000 course fee, but this support is expected to end soon, and Cranfield intends to open the programme to other sectors of industry. One idea is to offer in-house courses and this has already been taken up by a 30-unit Welsh hotel group currently undergoing management changes; accountants Deloitte also intends to use the course for all new partners, starting in June.

As far as John Schingler is concerned, he wishes he could have done the course when he accepted his first management job back in 1974. He is convinced that that move, and subsequent ones, would have been less traumatic.

"It seems that the transition curve starts applying when one is suddenly given a lot of additional responsibility over and above one's original expectations," he says.

"The problem is that you never know the true extent of other people's jobs. Also, the experience which made you excell in a previous job is not necessarily enough in a new job."

Apart from believing that he can now handle any future promotion more efficiently, Schingler has come away having learnt two basic lessons. "In future I will not be going into new jobs with the same optimism as in the past. The thought as occurred to me that my subordinates must also be going through the same curve. Hopefully, I will now be able to manage them better."

The ups and downs of the performance curve

FROM their researches, Chris Parker and Ralph Lewis have developed a seven-stage behavioural model of what they think happens to a newly-promoted manager.

Almost immediately the individual goes into a state of immobilisation or shock. This arises, they say, because the reality of the new job does not match up to expectations.

Stage two on the transition curve is what they call "denial of change". Here, the individual attempts to minimise the extent to which he must adjust to the demands of his new job by reverting to previously successful behaviour. As a result he usually performs badly because his behaviour is inappropriate.

From there, competence slips and depression sets in. The individual usually becomes reactive and refuses to share experiences with others. He becomes frustrated because it is difficult to know how to cope with the new situation.

Stage four—the bottom of the curve—occurs when there is at last an acceptance of reality, leading to a preparedness and willingness to experiment with change.

Parker and Lewis suggest that although it is precisely at this stage that mistakes are liable to be made, this should not be held against the individual and he should be given encouragement. It is only by experimentation that effective new ways can be found, they say.

The next stage heralds a quiet, reflective period when the individual attempts to understand the preceding sequence of events.

This leads finally to the time of "understanding" when all the changes are integrated into the experience of the individual without any conflict. The sense of being involved in change passes and the individual, who can expect to have developed newer and better ways of dealing with the new job, becomes more stable.

Parker and Lewis stress that not all individuals follow the curve to its conclusion. Some may get stuck while others may regress.

They say their programme is designed to reduce the time it takes to reach competence as well as cut down on the casualty rate.

If they can do that, the implications for performance and profit are obvious.

Management abstracts

The "work-at-home" trend. R. L. Sample in Administrative Management (U.S.), Aug 81

Discerns an increase in the number of company-employed people working at home and contends that the main reasons are energy/space costs and the growth of the service sector; gives named-company examples of "cottage industries."

Work overload. T. S. Bateman in Business Horizons (U.S.), Sep/Oct 81

Describes how work overload differs from hard work and heavy responsibility and contends that it can lead to stress and associated health risks; examines what management and employees can do to reduce it.

Appraising the foreign investment decision. R. Pike + R. Dobbins in Management Decision (UK), Vol 19

Explores motives behind direct overseas investment, and summarises factors affecting the decision on where to invest; touches on methods of identifying and measuring risk and offers a method of assessing it against weighted criteria.

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at £2.50 each (including VAT and p + p; cash with order) from Anbar, PO Box 23, Wembley HA9 8DJ.

Accountants and questions of ethics

WHEN Norman Barton picks up the telephone, the caller is almost always in a state of some anxiety.

On one occasion recently the voice — obviously perturbed — wanted Barton's advice urgently. He was working as an accountant in industry, he said, and had reason to suspect that one of his bosses, a director of the company, had been in collusion with a travel agent to disguise holiday expenses as business travel.

What was the ethical thing to do? Do nothing, refuse to be a party to the likely fraud, report the matter to a higher authority, resign or, possibly, wait to be dismissed?

On another occasion a caller said he was aware that his employer had deliberately given false information in connection with a profits forecast concerning an application for a bank loan. Again what should he do?

Barton will not disclose what specific advice was given but says the calls are typical of the approaches he has been receiving — at the rate of one a week — since the birth of an unusual advisory service last year.

Set up in May by the Institute of Chartered Accountants in England and Wales, the Industrial Members Advisory Committee on Ethics (IMACE) provides advice on ethical problems to members of the institute not working in an accountancy practice.

Before that, accountants—whether in industry or in practice—could get advice by contacting his or her professional association—but only on an ad hoc basis and at the end of the telephone. Both the English Institute and the Association of Certified Accountants have such a service. Now individuals have the opportunity of sorting out problems face-to-face.

The director of IMACE, Barton handles all inquiries. The service, which is free, operates through a panel of 70 regional advisers, all qualified chartered accountants with varying lengths of service in industry.

Barton can normally arrange a meeting with an adviser within 48 hours of getting a request for help.

When an accountant moves into industry his professional integrity can often be compromised. Company loyalty—emphasised by a monthly salary cheque — is supposed to be paramount. His role is to further the interests of shareholders—and sometimes this is achieved at the expense of professional standards.

When this happens the individual can find himself in an awkward position. This is where Barton comes in.

Barton says that IMACE's main task "is to try and interpret the institute's own ethical guidelines," which are set out in lengthy and legalistic terms.

"We base our advice on the facts reported by an individual and qualify it by stressing that we haven't heard the other side of the story. On this basis we generally can give an indication of whether what an individual is being asked to do is ethical, in a grey area or—in fact—unethical. We can then often point out the decisions the individual might take but we always give them the choice."

He stresses that the service does not provide advice on legal matters. This should be obtained from the individual's own lawyer.

What the service can, and often does, is to suggest ways of approaching an employer in the most tactful and least harmful way, he says.

"Inevitably there will be occasions when the cost of following one's professional ethic will give rise to confrontation—and lead to dismissal or resignation. We can't pretend that nobody has lost his job having taken our advice, but equally our advice has helped to strengthen an individual's position in relation to his board and colleagues.

"Every reasonable step is taken to provide the objective advice which a member seeks as to his ethical responsibility."

(IMACE's telephone number is 01-628 7060).

Arnold Kransdorff

Some of the companies who advertised in the I.C. last year.

A.A.H.
A.C. Developments
A.G.B. Research
A.G. Security Electronics
A.L.H. Commodity Portfolios
ANZ Bank
A.P.V.
Abbey (Dublin)
Abbey National B.S.
Abecor
Aberthaw & Bristol Channel Portland Cement
Abingworth
Adams & Gibbon
Advance Services
Adwest Group
Airey Entwhistle
Alfa Romeo
Algemene Bank Nederland N.V.
Allen Harvey & Ross
Allwn W.G. (Tipton)
Alliance Trust
Allianz Versicherungs – Aktiengesellschaft
Allied – Lyons
Allied Irish Banks
Allied Irish Investment Banks
Allied London Properties
Allied Plant
Allnatt London Properties
Allsop & Co
Amalgamated Diamond Brokers
Amalgamated Metal
American International Securities
American Trust
Amev NV
Amro Bank
Anderson Strathclyde
Anglo American Corporation of South Africa
Anglo American Coal
Anglo American Gold Investment
Anglo American Transvaal
Anglo-International Investment
Apex Properties
Applied Computer Techniques
Aquis Securities
Arab Bank
Arbuthnot Securities
Archway Information Management Systems
Arlabank
Arlington Motor Holdings
Arrow Books
Artoc Bank & Trust
Ash & Lacy
Ashdown Investment
Asprey
Assicurazioni Generali
Associated British Foods
Associated Communications
Associated Dairies
Associated Japanese Bank
Associated Leisure
Associated Newspapers
Association of Investment Trusts
Astbury & Madeley
Atkins Bros (Hosiery)
Atlantic Assets
Ault & Wiborg
B.A.T. Industries
B.I.C.C.
B.L.
B.O.C. International
B.P.M.
B.S.R.
Babcock International
Baird, William
Bakers Household Stores
Bambers Stores
Banca del Gottardo
Banca Della Svizzera Italiana
Banca Mexicano Somex SA
Banca Nazionale del Lavoro
Banco Ambrosiano
Banco Arabe Espanol
Banco de Bilbao
Banco de Napoli
Banco de Santander
Banco do Brasil
Bancome SA
Bank Bumiputra
Bank for Gemeinwirtschaft
Bank Hapoalim
Bank Julius Baer
Bank Leumi Le-Israel
Bank Mees & Hope
Bank of California
Bank of Credit & Commerce International
Bank of Oman
Bank of Scotland
Bank of Taiwan
Banque Generale du Luxembourg
Banque International a Luxembourg
Banque Keyser Ullmann
Bariro Consolidated Industries
Barclays Bank
Barclays Bank International
Barclays Bank Trust
Barclays Development Capital
Bardon Hill
Barratt Developments
Bartram Bowley & Wolff Media
Bass
Baume & Mercier
Bayer A.G.
Bayerische Vereinsbank
Beatson Clark
Beauford
Beaumont Properties
Beckman A
Beecham
Beechwood Construction
Bell Ingram
Bell & Son, Arthur
Bellway Homes
Beradin Rubber Estates
Berisford, S & W
Berkmann Restaurants
Berliner Bank
Bermuda Trust (FE)
Bertam Consolidated Rubber
Bett Brothers
Bibby & Sons, JJ
Bilfinger & Berger
Blackwood Hodge
Blagden & Noakes
Blue Circle Industries
Blundell-Permoglaze
Blyvooruitzicht Gold Mining
Boardman International, KO
Boddington's Breweries
Bone Fitzgerald & Co
Booker McConnell
Boot International, Henry
Border & Southern Stockholders
Borough of Hartlepool
Boustead
Boustead Commodities
Bowring Employee Benefit Services
Bradford & Bingley
Bradford & Bingley B.S.
Brady Industries
Braid Group
Braithwaite & Co Engineers
Bramall C.D.
Brasway
Bremner
Brickhouse Dudley
Bridgewater Building Society
Bristol Chamber of Commerce
Bristol Waterworks
Bristol & West Building Society
Britannia Assurance
British Aerospace
British American & General Trust
British Assets Trust
British Bank of the Middle East
British Car Auction
British & Commonwealth Shipping
British Electric Traction
British Home Stores
British Investment Trust
British Linen Bank
British Mohair Spinners
British National Life
British National Oil Corporation
British Petroleum
British Railways Board
British Sugar
British Vita
Brixton Estate
Broadstone Investment Trust
Brockhouse
Brown & Tawse
Brown, Matthew
Brown Shipley
Brown Shipley Fund Management
Brown Stewart, Anthony
Brownlee
Bullough
Bunzl Pulp & Paper
Burger King Corporation
Burmah Oil
Burnett & Hallamshire
Business & Finance
Business Traveller
Butcher, Henry
Butterfield-Harvey
C.S.R.
CZA (Management Consultants)
Cadbury Schweppes
Cambridge Water
Camden Motor Rentals
Capital & National Trust
Capper-Neill
Cardale Groves, Keith
Cardinal Investment Trust
Care Rowland
Carless Capel & Leonard
Carr (Doncaster) John
Carroll Group of Companies
Carr Sebag
Carse of Allan
Cater Ryder
Cathay Pacific Airways
Cavendish Life Assurance
Cawoods
Cement-Roadstone
Central Regional Council
Century Oils
Chamberlain & Willows
Chamberlin & Hill
Channel Islands & International Investment Trust
Chart Analysis
Charter Consolidated
Chartered Trust
Charte Trust & Agency
Charterhall Finance
Charterhouse Group
Chartsearch
Chemical Bank International
Chesterfield Properties
Chestertons
Christies International
Church
Churchill Atkin Grant & Lang
CIN Industrial Finance
City & Foreign Investment
City of Bristol
City of London Building Society
City of London PR
City of London Trust
City of Manchester
City of Westminster
Clarke, Clement
Claverhouse Investment Trust
John Clegg & Co
Clifford's Diaries
Cluff Oil
Cluttons
Clwyd County Council
Clydesdale Bank
Coalite
Coats Paton
Collier & Madge
Colonial Securities Trust
Colt Cars
Comfort Hotels
Commercial Bank of Australia
Commercial Bank of the Near East
Commercial Union Assurance
Commerzbank
Commodity Analaysis
Commodity Fund Management
Commodore Business Machines
Commonwealth Development
Commonwealth Trading Bank
Communications Management
Compagnie Frandaise de L'Afrique Occidental
Compagnie Luxembourgeoise de la Dresdner Bank AG
Concentric
Conrad Ritblat
Consumers Association
Conti-Commodity Services
Continental & Industrial Trust
Continental Union Trust
Control Securities
Conversation Pieces
Cooke & Arkwright
Copenhagen Handelsbank
Copson, F
Corah
Corby Industrial Development Centre
Corinthian Securities
Cornhill Insurance
Costain Group
Country & New Town Properties
County Bank
Courtaulds
Courtney, Pope
Coylumbridge Highland Lodges
Cowan, de Groot
Craigmount Investment Management
Credit & Commerce Insurance
Creditanstalt Bankverein
Credit Bank
Crewer & Nantwich
Croda International
Crossfriars Trust
Crouch Group
Crown Derby/Royal Doulton
Crown Eagle Communications
Crystalate
Cumbria
Currys
Daejan
Dai-Ichi Kangyo Bank
Daily Express
Daily Telegraph
The Daiwa Bank
Daiwa Securities
Dalgety
DataSTEAM International
Davies & Newman
Davis, Godfrey
Davy Corporation
De Beers Consolidated Mines
Debenham Tewson & Chinnocks
Deborah Services
Den Norske Credit Bank (Luxembourg) SA
De Vere Hotels & Restaurants
Delta Investment
Delta Metal
Department of Trade (Monopolies and Mergers)
Deritend Stamping
Deutsche Bank AG
Deutsche Girozentrale – Deutsche Kommunalbank
Deutsche Sparkassen-organisation
Devenish J A
Dewhirst I J
Dewhurst & Partner
D G Bank
Diamexpansion
Diamond Selection
Diners Club International
Distillers
Dixon, David
Dobson Park Industries
Donaldsons
Douglas, Robert M.
Dowding & Mills
Dowty Group
Drake & Scull
Drayton Commercial
Drayton Consolidated Trust
Drayton Premier
Dresdner Bank AG
Drivers Jonas
Druce & Co
Dual-Fuel Systems
Ductile Steels
Dunlop Heywood & Co
Dunton
Duple International
E.B.S.
ESI London
Eadon Lockwood & Riddle
Eagle Star Insurance
East Midland Allied Press
East Lancashire Paper Group
East Surrey Water
Economic Forestry
Edinburgh American Assets Trust
Edwards, Bigwood & Bewlay
Electra Investment Trust
Electra Risk Capital
Electrical & Industrial Services
Electricity Council
Electrocomponents
Electronic Rentals Group
Elliotts
Ellis, Richard
Empire Stores
Endeavour Resources
English Association, The
English China Clays
English & International Trust
English & Scottish Investors
Epicure
Equity & Law Life Assurance
Erdman & Co, Edward
Esperanza
Essex Water
Estate Duties Investment Trust
Estates Property Investment Company
European American Bank
European Bank International
European Investment Bank
Evans of Leeds
Evans, Montagu
Eve, J R – Chartered Surveyors
Exchange Building Commodity Syndicate
Exchange Investments
Extel Group
Fairclough Construction
Fairview Estates
Family Investment Trust, The
Federated Land
Fenner, J H
Ferguson Industrial
Ferranti
Fichet-Bauche (UK)
Fidelity International Management
Fiduciaire Maitland SA
Finance Monitor
Fine Art Developments
Finlan, John
Finlay, James.
Finlinson Group
First Castle Electronics
Robert Fleming Investment Management
Florida Centre/Springdell Homes
Floyd Oil Participations
Fogarty, E
Foord & Co, John
Ford Motor
Foreign & Colonial Investment Trust
Forestry Commission
Foster Brothers Clothing
Fountain Forestry
Framlington Unit Management
Francis Industries
Fraser, Duncan C
Freemans
French Kier
Frost, A C
Fuller Peiser
G E I International
GLC/Docklands
Galliford Brindley
Gartmore Fund Managers
Gaslight Night Club
Gems International
General Accident Fire & Life Assurance
General & Commercial Investment Trust
General Consolidated Investment Trust
General Investors & Trustees
General Mining and Union Corporation
General Scottish Trust
Gerrard & National Discount
Gill & Duffus
Glasgow Herald
Glaxo
Gleeson, M J (Contractors)
Glenrothes Development Corporation
Globe Investment Trust
Glynwed
Goddard & Smith
Goldfields of South Africa
Golodetz, M
Gopeng Consolidated
John Govett
Granada Group
Grand Metropolitan
Grange Trust, The
Grant & Partners
Gray Dawes Bank
Greater Manchester Economical Development Council
Great Northern Investment Trust, The
Great Portland Estates
Great Universal Stores
Green Hotel, The
Green Properties, R
Greene, King & Sons
Grimley & Son
Grindlays Bank
Grovewood Securities
Guardian Royal Exchange Assurance
Guardian Investment Trust
Guildhall Property
Guinness Mahon
Guinness Peat Group
Guinness & Son, Arthur
Gulf International Bank
H.A.T. Group
H & H Factors
Hales Properties Group
Halifax Building Society
Hall, Matthew
Hallam Oil
Halogenic Products Corporation
Hambros Bank
Hamilton Oil Great Britain
Hampson Industries
Hampton Gold Mining Areas
Hampton & Sons
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Liverpool Exchange to be redeveloped

ENGLISH INDUSTRIAL Estates is to develop a 200,000 sq ft office scheme on the former Exchange Station and hotel site in the centre of Liverpool.

EIE has bought the five-acre site from National Car Parks, which will take back a short-term lease until building starts. The planning application is expected to be lodged with Liverpool by June. Matthews Goodman and Postlethwaite acted for EIEC in the purchase.

Mr Bill Locke, North West regional estates manager of the corporation, refused to be drawn on the cost of the speculative project, but it is believed to be well over £10m.

Shied Away

"We would hope to sell the investment to the private sector on completion in about two years' time," he commented. "There has not been a lot of office development in the city over the past two years because people have shied away from Liverpool and its problems.

"But those which have taken place and which have been built to a high quality have been let very quickly. There is definitely an opening in the market for another high-quality development," Mr Locke added.

This development takes the English Industrial Estates Corporation into the office market for the first time. Under new powers provided in 1981 it was given more freedom by the Government to look for developments and allowed to go beyond its factory building activities.

EIE has already taken advantage of that freedom in Liverpool to set in motion the redevelopment of the 21-acre Tate and Lyle site for housing, parklands and recreational activities.

These two developments can be seen as the forerunner of the way EIE is going. It is clearly finding the letting of smal factory units more difficult and will increasingly be looking for other types of development to undertake.

The North West accounts for about 40 per cent of EIE funds, which totalled £50m in 1981-82 and are expected to be slightly lower this year. On Merseyside alone it has built over 500 factories, amounting to 3m sq ft of space of which about 2m sq ft is now occupied. Whether Liverpool is an appropriate venue for such a bold departure in policy, only time and tenants will tell.

The office scheme could provide accommodation for 1,000 jobs and Mr Geoffrey Robinson, chairman of the EIE, said yesterday that the development would prove attractive to prospective employers. Mr Patrick Jenkin, Secretary for Industry, said he had given his "wholehearted support" to this new initiative because jobs in services and commerce were just as vital to the health of Liverpool as those in manufacturing industry.

ANTHONY MORETON

Brussels still waits for the upturn

"THE RULE is, jam tomorrow and jam yesterday—but never jam today." Alice might have been peering through her looking-glass at the Brussels office market, which always seems so full of promise and yet fails to fulfil its potential.

British estate agents, who dominate the Brussels lettings market, have regularly forecast that rents and property values, having languished during the middle and late 1970s, are poised to enjoy a period of solid growth.

So far, however, this confidence has not been matched by performance in the market place. Neither has the agents' most recent optimism been shared by the majority of international property investors and developers. British investors are particularly chary of a market, where so many developers got their fingers badly burned in the 1970s.

At the heart of investors' reservations is concern about Belgium's sick economy and a volatile political climate which in the early months of 1982 has generated mounting social unrest. The country had one of Europe's highest unemployment rates—14.7 per cent in March.

The devaluation of the Belgian franc in February—the first formal devaluation made by the country, since 1949—will not have helped restore international investment confidence.

In such an economic and political climate it would be unrealistic to expect international investors to return to the Belgian real estate market. But there are some positive things to say about the Brussel's office sector.

The vast oversupply of office accommodation, a legacy of the early 1970s building boom, has been steadily eroded. Shortages of first class, large office units in the principal business districts are apparent. Strict planning controls and the lack of any significant building programme point to continuing shortages.

Rising

Rents at the top end of the market, in areas of greatest shortage, have been rising steadily if undramatically and now look set to break through the BFr 4,000 per square metre barrier. Expressed in Belgian francs, rents for the best space have now surpassed their previous peak of BFr 3,750 per square metre in 1973. Recent rises, however, have to be set against inflation and movements in exchange rates.

A recent study by British agents Jones Lang Wootton and the Universite Catholique de Louvain (UCL) illustrates how the stock of empty offices in Brussels — particularly new space—is continuing to reduce.

At the end of 1980 it was estimated that there was approximately 148,000 square metres of new office accommodation vacant and available in the city. By the end of last year this total had reduced to 57,000 square metres.

The proportion of new vacant offices on the Brussels market has now fallen to just 1 per cent of the total stock of new offices, according to the JLW/UCL study.

Some of this reduction, however, reflects the movement of tenants from older accommodation to better quality space. The total of empty second-hand office space is still rising and last year increased from 286,000 sq metres to 327,000 sq metres.

Nonetheless, Jones Lang Wootton—a long-time supporter of the Brussels office sector—is correct to stress that the fundamental determinant within the property market, the balance between supply and demand, is more soundly based than for many years.

In their latest report, the agents state: "Very few possibilities now exist for medium or large units of accommodation and this led to a shortage in the main business district of the Quartier Leopold.

"As few new buildings will come on to the market in the foreseeable future, the pressure on this type of accommodation will increase and almost certainly lead to an acceleration in the increasing rents which are now starting to be evidence."

Sluggish

But while new space in particular will be increasingly constrained, demand for accommodation may also be sluggish. Brussels draws its office tenants from four main sectors.

● National industrial and commercial companies. With the Belgium economy in the doldrums new investment is likely to be curtailed. There is already a tendency for companies moving buildings to take less rather than more space.

● International companies. Worldwide economies are under pressure. This must affect the willingness of companies to expand and pay higher rents.

● National government. The new administration under Prime Minister Mr Wilfried Martens is committed to reducing public expenditure. However moves to devolve power to take account of the aspirations of the Flemish and French speaking populations may, strangely enough, assist the Brussels office market. Regional bureaucracies and pressure groups display every wish to remain in Brussels, close to the seat of Government.

● The EEC. Brussels is the headquarters of the European Community. This market offers the best prospect for expansion as new countries come within the embrace of the EEC.

But before new building is likely to become attractive rents will have to rise to around BFr 5,000 per sq metre. Belgium institutions meanwhile face the counter attractions of comparatively higher returns available on Government stocks. As far as the property market is concerned, it still may be a case of "jam tomorrow," with a full recovery in the office market likely to be delayed until the economic situation, both at home and overseas improves.

ANDREW TAYLOR

● Mr Harry Hyams' Oldham Estate is poised for a period of expansion. That, at least, is the message to be drawn from a characteristically brief statement outlining its intention to expand its investment portfolio and step up development activities. The emphasis on both fronts will be on offices and Oldham will be particularly interested in opportunities to develop or refurbish offices in the south east in excess of 30,000 sq ft.

Rights issues come under attack

THE APPARENT determination of a growing number of property companies to make rights issues a way of life rather than a once and for all affair has this week come under fire from Bow Bells House, the City home of brokers W. Greenwell.

The firm's property team, Keith Crawford and Alan Tomlinson, do not like what they see and claim that the institutions are themselves invariably reluctant participants in a trend which is establishing the rights option as a continuing solution to the problems of property financing.

Their comments come days after Hammerson's £70.5m fund-raising issue and, although they point out that this particular exercise came complete with the best possible explanations, they emphasise that the claimed advantages still, in the absence of adequate valuation disclosures, have to be taken on trust.

Given Mr Sydney Mason's well-known views on the need or desirability for such disclosures, his response to that sort of jibe is not difficult to guess, though his corporate stance (if not his private view) on matters of valuation is now being changed for him by new accounting standards.

As for the rest of the sector, Greenwells say some companies have over the past three years been prepared to bear much higher levels of asset dilution as the penalty for pre-financing future development projects out of equity. Whatever the reasons advanced, investment funds are apparently becoming increasingly tired of taking such a range of property paper on board.

The brokers point out that, to the "traditional" property developer, the issue of rights paper is heresy and companies like Chesterfield Properties, Land Investors and Stock Conversion have not dabbled for many years, often reflecting large and unwilling family shareholdings.

The big disadvantage—initial dilution apart—is the uneasy feeling that if interest rates remain high in real terms, then individual companies may be locked into a recurring rights patterns. Names like Hammerson, Haslemere and MEPC have each notched up two issues in the last three years and Greenwells would clearly not be surprised to see them back for more before long.

The likelihood that the rights issue will remain a leading option for property groups places a note of uncertainty over the property sector and the brokers say this factor alone justifies discounts in the sector remaining at their present historically high levels.

With the institutions taking up rights issues on financing terms generally less favourable than those which would apply if an individual institution was subscribing finance as a direct line, the argument for lower share prices/higher discounts looks even stronger.

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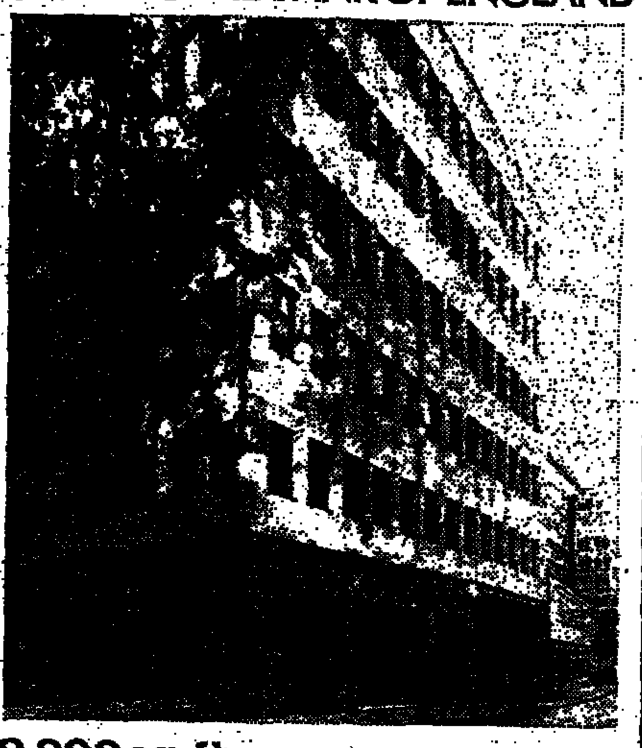

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THE ARTS

Cinema

Behind the lines by NIGEL ANDREWS

Circle of Deceit (X) Gate, Notting Hill and Screen on Islington Green.
The World of Gilbert and George ICA. Visiting Hours (X) Classic, Oxford Street and General Release.

Volker Schlondorff's *Circle of Deceit*, set and shot in Beirut during the Lebanese civil wars, comes to you in film-cans marked "Front-line War Movie, with philosophic trimmings." It's a hard-to-swallow truth that the films made in the most heroic of circumstances are often the most raggle-taggle disappointments when they reach the screen. Overwrought emotionally and underwrought artistically, they stamp "we were there" banner headlines on their frames: but once the ink has dried the chief imprint left is of chaos and serendipity—what the camera was lucky to catch, not what the film-maker wanted to say.

Schlondorff, who made *The Tin Drum* and *The Lost Honour of Katharina Blum*, is a skilful casher-in on topical events and/or best-selling novels. He has radical enthusiasms and a high productivity rate but none of the visual and formal originality of Fassbinder or Herzog, looking at the world through new and new-shaping retinas. *Circle of Deceit*, a German-French co-production, is an awkward paste-up of two inspiration-sources, the Lebanese war and the semi-autobiographical novel about it by German journalist Nicholas Born.

A degagé, sceptical West Berlin reporter (Bruno Ganz) flies to Beirut to report the war and is gradually drawn into emotional and intellectual involvement in the conflict. He also exorcises his procrastinating guilt about the failure of his own marriage—will-he-won't-he post that letter proposing separation to his wife?—by hooking up with *depaysé* Teuton Hanna Schygulla. She's called Ariane—suggesting threads and Theseus in the Minoan maze of war.

Symbols clatter and trundle between the private and public arenas of the story in a non-stop trolley service. Lebanon's bruised and brutalised future is emblemised in Schygulla's adoption of a baby who's discovered to have brain-damage. Lebanon's ragbag war of idealism and greed and religion and territorialism has its comic-microcosmic reflection in the squabbling all-sorts anarchy of the journalists in their safety-zone hotel. Jerzy Skolimowski (director of *The Shout* turned actor) plays the cheerful knockabout photographer ever in search of copy and without two ethical scruples to rub together. Bow-tied Jean Carmet is a seedy-dandified desk-to-desk salesman, hawking grisly war pics to the highest bidder. And Ganz himself, with bee-stung lips and droopy eyes, is the Hamlet of the typing room, ever shy of putting key to quarto-paper. "What shall I write about? The unchanging facts or my own fear? . . ."

Meanwhile Lebanon erupts around them like a series of bullets. A street stallholder selling small-arms is shot in mid-sale. A nude manequin astride a box-on-wheels is surreally string-plied across the street by invisible hands: presumably to check an all-clear for crossing.

Ten out of 10 for the movie's immediacy. But low marks for its thematic togetherness. The integrity of journalism seems to be the prime subject on hand: that there are 57 varieties of bad journalism for every one brand of good. But what that brand is made up of Schlondorff shies away from defining. Is it engagement of detachment? Is it vivid reportage or insightful reflection after-the-event?

The film won't say and seems to get its brain-cells in a twist whenever it tries. Extraordinarily, for a director who risked life, limb and camera-lens for the reportorial veracity of real locations, Schondorff has said à propos of the film: "Jouralism . . . doesn't tell us all or even anything. If we compile all the newspapers of 19th Century Russia, they will tell us less than *one* novel by Dostoevsky."

This romantic and peculiar proposition (less historically, or sociologically, or philosophically . . .?) ignores the point that facts are the essential bedrock of imaginative fiction, of art's reflections on reality, and it takes an odd mind even to think of a take-your-choice contest of values between the two.

In *Circle of Deceit*, as apparently in Schlondorff's head, there are two mutually exclusive arguments running side by side. (i) The facts do not matter. (ii) The facts matter so much that they must be reported with total honesty and commitment. While it's on the screen, the movie never looks any more likely to sort out the muddle in its own cranium than Lebanon does the mayhem in its own streets.

Gilbert and George are two po-faced, suit-and-tied gents who dispense multi-media art. George is the tall, bald one with glasses. Gilbert is the shorter, stockier, schoolboyish one with hair. Until hearing the definitive acoustic anomaly of Gilbert's middle-Europe accent, you would suppose that Madame Tussauds had merely slipped up a little while sculpting Morecambe and Wise.

The world of *Gilbert and George* is an Arts Council film written and directed by G and G. It gives us their poetry, their apothegms, their interviews with off-the-street lads, and their "living sculpture" acts wherein they trip the light-robotic to hard-rock music or stand stock still across an uncrowded room and exchange mandarin dialogue. George: "What shall we do this afternoon Gilbert?" Gilbert: "Why don't we go and buy a vase?" George: "What a good idea, Gilbert."

It's a parody of Britishness that's often very funny and equally often cuts through to the bone: especially in their interviews with sundry street Adonises flying tortured emotional inarticulacy like a national flag. What makes you happy? "Goin' to the pub . . . goin' out wiv me mates . . . playing Space Invaders." "Goin' out for a drink . . . playing Space Invaders." "Dunno er . . . goin' out wiv me mates . . . goin' to the West End . . . playing Space Invaders."

The prevailing look of the interviewees is not gormlessness so much as a slow, cornered, tongue-tied, crescent panic at the revelation of self. The eyes nervously rake the floor; the chin trembles; the mouth dries. Put this question to an American adolescent, or a French one, and you'd probably have to stop the flood of loquacity. But *The World of Gilbert and George* knows that anal-retentiveness is the British way of emotion and it raises it to a pecularly riveting art form. See it.

Last and egregiously least, the week's horror film. *Visiting Hours* is set in one of those hospitals where major surgery tends to take place before you reach the operating theatre. The lady with the stiletto in her neck is the night nurse. The white-coated man striding quiet-footed and purposefully down the corridor is the local homicidal psychopath (Michael Ironside), seeking patients to terrify or truncate. Lee Grant and William Shatner are among those wishing they had chosen another hospital, and as blood runs and bodies clatter you may be among those wishing you had chosen another cinema. Jean Claude Lord directed.

Bruno Ganz in war-torn Beirut, a scene from Circle of Deceit. Set and shot during the Lebanese civil wars, the film meshes public catastrophe with the private anxieties of the characters

Purcell Room

Catalogue d'oiseaux by ANDREW CLEMENTS

Whether or not one agrees with Robert Sherlaw Johnson that *Catalogue d'oiseaux* is possibly Messiaen's "greatest piano work," it was certainly a milestone in his development and an achievement that is heard in the concert hall far less often than it deserves. In two concerts (the second is in two weeks' time) Philip Mead is presenting the whole *Catalogue*, together with its codicil, *La Fauvette des jardins*, written more than a decade later in 1970.

On record one tends to dip into the cycle, listening to one piece or a group of pieces at a sitting. Hearing a larger chunk—Mr Mead on Wednesday night played the first four books, seven pieces altogether—makes the relative success and failure of these sound landscapes all the more striking. The most ambitious tableaux—"Le Merle bleu," "Le Traquet Stapazin" and especially "La Rouserolle effarvette" seem to be the most evocative, creating credibly precise analogies to the landscapes in which the birds of their titles sing: the coast of the Roussillon district for the Blue Rockthrush and the Black-eared Wheatear, the myriad sounds of the swamps of the Sologne for the Reed Warbler.

Less convincing are the more slender essays, particularly the pair of nocturnes that makes up the third book, "La Chouette hulotte" and "L'Alouette lulu." Here the frieze-like construction is not so interestingly sustained, and the birdsongs themselves seem under-characterised. But there were passages in all the movements last night when one hoped for a more refined response from the pianist; Mr Mead has a creditable reputation for tackling the giants of contemporary piano literature, but here Messiaen's writing asks for more than strong, accurate fingers and a clear head. Some excitement in creating these wonderful sounds ought to be communicated, and the individual strands of each piece given less monochrome treatment.

Picasso in the theatre

An exhibition of Picasso's work for the theatre is a feature of this year's Brighton Festival, opening for two weeks on May 1.

It will include rarely seen drawings, sketches and designs and facsimile manuscripts, photographs and the drop curtain for Diaghilev's *Le Train Bleu*.

Two of his plays, *Desire Caught By The Tail* and *The Four Little Girls*, will be performed by the Reading Performance Group in Hartle Hall (May 11-15), Sir Roland Penrose will give an animated lecture on May 5 at the Brighton Polytechnic, and the Ballet Rambert will perform a new work, *New North*, created by Robert North with designs based on Picasso's drawings.

Robert Stephens in a new play

Robert Stephens is to take the lead in a new play by Nigel Williams, *W.C.P.C.*, opening at the Half Moon Theatre on April 29. The comedy, which is set "in and around the lavatories of London," will be directed by Pam Brighton, designed by David Fielding and lit by Andy Phillips.

The cast also includes Leonard Fenton, Alan Ford.

OBITUARY

Arthur Lowe

Arthur Lowe, one of our finest character actors, has died aged 66. He had been appearing in Birmingham in a touring production of R. C. Sherriff's *Home at Seven*.

He achieved national fame comparatively late in life thanks to his work on television where his most recent starring role including the priest in *Bless Me Father* and a retired sweet manufacturer in *Potter*. With his unmistakable voice, marked by a seeming world weariness he was much in demand on radio especially for comedy series and also for voice-over work on television. Millions of children were familiar with his lugubrious delivery of the *Mister Men* scripts.

But the performance which first brought him to national attention occurred in ITV's *Coronation Street* during the 1960s where he played the self-important Leonard Swindley. From there he progressed in the '70s to the role for which he was most admired and perhaps even loved by — Captain Mainwaring in the BBC's Home Guard comedy *Dad's Army*. His portrait of the pompous little mustachioed bank manager of a small seaside town revelling in the power attached to the command of the local Home Guard attracted not only huge public popularity but unusual admiration among actors and critics.

He appeared in over 30 films, including *Kind Hearts and Coronets*, *This Sporting Life* and *If*. He first appeared on the stage in 1945, and his television success led to work with the National Theatre and the Royal Court (where he played Ben Jonson to John Gielgud's Shakespeare in *Bingo* by Edward Bond).

CHRIS DUNKLEY

Festival Hall

Bernstein's 'Songfest' by MAX LOPPERT

The brash, bright-edged, exhilarating, and musically copious cycle of songs for a sextet of singers (three each of male and female voices) that Leonard Bernstein calls *Songfest* was introduced to Britain on Wednesday night by the BBC Symphony Orchestra conducted by the composer. (It was a Royal Philharmonic Society concert, broadcast live on radio and television.)

The work began life as a commission for the American Bicentennial but, unfinished in time, had its premiere a year later, in 1977; the same performers subsequently made a DG recording. Somewhat delayed though it has been, the Atlantic crossing of *Songfest* was hugely worth waiting for. It seems to me, indeed, that the composer of *Fancy Free* and *On the Town*, of *Candide* and *West Side Story*, who in recent times has been somewhat hard to catch glimpse and sound of through the fog of the Kaddish Symphony and the *Mass*, was back in operation and working at full stretch.

Songfest proves to be a prime piece of contemporary Americana, a work heard at the right moment that one suspects will keep fresh its pleasures long after that moment has passed. The urge to celebrate the country, in terms not of the physical environment but of the people, fired and sustained both its shape and its content. The 13 poets Bernstein chose to set — Whitman and Poe to Aiken, Ferlinghetti, and Corso—afford him a shapely structure and eloquent raw material.

The diverse voices heard in the verse and the music speak of ferment and conflict, of suffering minorities of more than one kind. But they also hymn simpler moods, of happiness or sadness, remembrance or regret; the two sextets framing the whole announce and sum up the theme in a bold, celebratory way.

That theme is the eclecticism of America. One of Chambers' definitions of the word is "choosing the best out of everything;" that, as a composer, is exactly what the best of Bernstein has always been about—the drawing on, the making his own, of a fertile musical amalgam, and, what is more, the creation of an idiom that can be enjoyed on several levels, serious and "light," at once. One hears Britten in the trio for women's voices; the *El salon mexico* vein of Copland in the soprano solo on a Peurto Rican poem; Mahler in the sweet-sour Whitman song for bass; the finale of Ravel's *Heure espagnole* in the closing sextet; and so on.

Yet the result is pure Bernstein, the voice speaking clear and economically. The musical images are shaped with ease, confidence, and flair; the tunes — outstandingly so in the case of the female trio and the bass solo already mentioned — hit straight home. The whole bespeaks a deftness and dramatic sureness of aim that I found irresistible The six singers — Clamma Dale (replacing Jill Gomez), an inimitably witty Sarah Walker, Cynthia Buchan, Kenneth Woollam, Paul Hudson, and Thomas Allen (in brilliant form and fiery voice) — were caught up in the work; only Miss Dale could boast native inflections, but the spirit governing the singing was splendidly right Bernstein's account of the *Enigma Variations* in the first half must have the briefest of mentions — all wrong by the usual Elgarian criteria (and not all well played), it pulsated with life, colour, and emotional commitment in massive quantity.

Old Globe, San Diego

Yankee Wives by B. A. YOUNG

The Old Globe at San Diego is now known as the new Old Globe. The old Old Globe was built in 1935, almost ancient enough by North American standards to rate as historic. It was at first only a temporary building, a part of the California Pacific International Exposition. Its "onlie begetters" were Thomas Wood Stevens and the British Shakespearian scholar and producer, R. Iden Payne, and its original function was to house three-quarter-hour Shakespearian miniatures.

The layout of the theatre was based on what was known of Shakespeare's Globe. The little performances proved popular and were carried on into the next year. When at the end of the Exposition it was proposed that all its buildings should be pulled down a local group found the money to save it and rebuild it in a slightly more permanent fashion.

This made it permanent enough to serve as a lecture hall for the U.S. Navy after the Japanese made their entry, stage east, in 1941. It reopened, the San Diego Community Theatre, in 1946, with Shakespeare (still with the advice of Iden Payne), other classic plays and modern drama. In March 1978 an arsonist anxious perhaps to add an extra touch of resemblance to the Jacobean original, burnt it down, and the annual Summer Shakespeare Festivals were suspended.

The ground-plan of the new theatre, which has a seating capacity of a little under 600, is still based on the Shakespearian Globe, though it is a little bigger than it was before the fire. Like the Olivier or the Festival Stage at Stratford, Ontario or Chichester Festival Theatre, it is equally at home with modern as with ancient plays.

Outside, its somewhat squat dimensions and simulated half-timbered finish are much unlike the playhouse Shakespeare knew, especially when after dark it is ringed round with chains of fairy-lights; but inside, the Jacobean ambience is as easily achieved as a more current style for current plays.

The new Old Globe is now part of the Simon Edison Centre for the Performing Arts, a tripartite venture that also includes the Cassius Carter Centre Stage, an intimate house seating 245, and the Festival Stage, an outdoor theatre holding 620. This is named for Mrs Simon Edison, a generous benefactor. The buildings are in the attractive subtropical Balboa Park adjacent to San Diego's famous Zoo.

There is a Shakespeare season every summer, which began in 1949 under Iden Payne. The burning of the Old Globe temporarily halted it, but it began again in the new house this year with *As You Like It*, directed by Craig Noel, who had been director of the theatre from 1941 until last year (with five years off for war). He was then given the appointment of Executive Producer.

Unhappily, this was over on my visit. What I saw in the Old Globe was *Yankee Wives* by David Rimmer, a new writer. This is about the wives of the players of the New York Yankees baseball club, and the fortunes of their backstage activities in directing the fortunes of the public activities. As I had just seen a good play about baseball at Louisville, I was prepared to find this interesting, but it seemed to me that every character and every situation was prepared from basic cliché material.

There was some nice playing by Joan Pringle, Deborah Taylor and (once she had overcome what seemed to be an initial conflict with a difficult acoustic) Ronnie Claire Edwards, but nothing in the play reinforced my new interest in the ball game. The direction was by Jack O'Brien, Craig Noel's successor, and Steven Rubin, the designer, gave us a multiple set that effectively disposed of any Shakespearian overtones.

Wigmore Hall

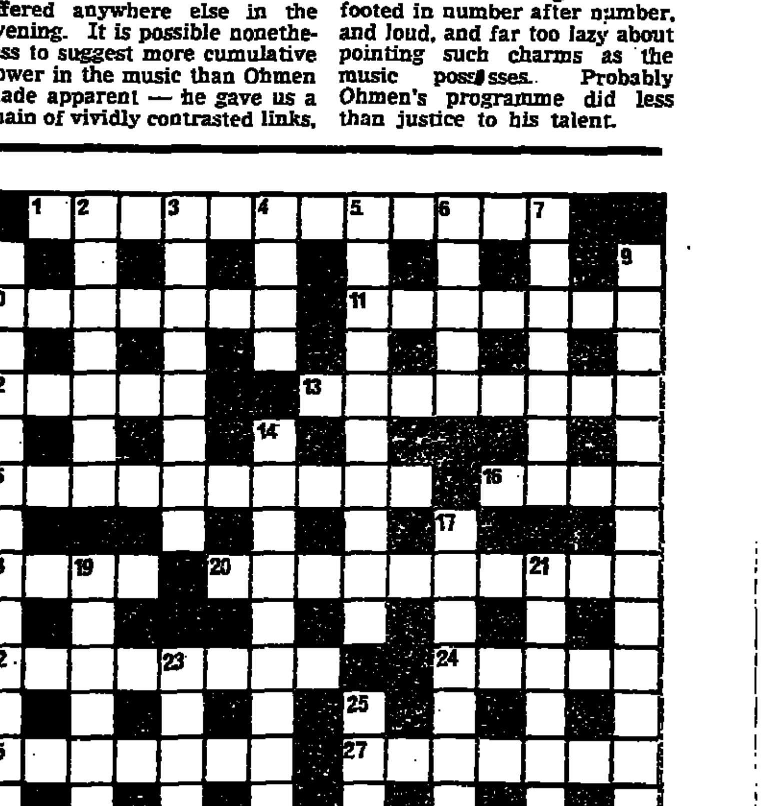
Wilhelm Ohmen by DAVID MURRAY

Mr Ohmen is a firm-fingered pianist, as one heard in the Bach B-flat Partita with which he began his recital on Wednesday night. He made lavish use of the pedal, but with careful part-playing conveyed an energetic, consistent view of the music, if not an especially interesting one. In the "Appasionata" Sonata of Beethoven he was heavy-handed — many a bass explosion drowned everything in its immediate vxicinity — but not, it seemed, through any special dramatic intentions; in fact, there was little drama in the performance, which neither built effectively toward climaxes nor gave due weight to Beethoven's breathless silences.

More thoughtful sympathy was apparent in Skryabin's Fifth Sonata. Its bright eruptions were more striking than its delicate, fainting passages, which remained a little stiff; but Ohmen has a reasonable grasp of the idiom, and contrived a subtler range of piano colour for the Sonata than he offered anywhere else in the evening. It is possible nonetheless to suggest more cumulative power in the music than Ohmen made apparent — he gave us a chain of vividly contrasted links, but the chain was not drawn taut.

The ten piano pieces that Prokofiev arranged from his ballet *Romeo and Juliet* were a mistake. An ingenious interpreter can make something of them, though preferably not all of them at a go: they betray their origin in an excess of dogged, unvaried rhythms. Here Ohmen was downright leaden-footed in number after number, and loud, and far too lazy about pointing such charms as the music possesses. Probably Ohmen's programme did less than justice to his talent.

F.T. CROSSWORD PUZZLE No. 4,848



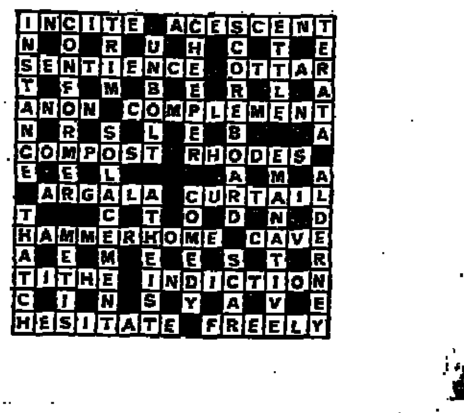
ACROSS

1 Statesman with standard description of old glory (8, 4)
10 Heavenly glance I disguise (7)
11 Chap in the three-legged race (7)
12 Can for instance return slight flavour (5)
13 Bet there is scope for lobby (8)
15 Soldiers take beer to country property (4, 6)
16 Circus performer makes authentic impression (4)
18 Told off by an idiot (4)
20 Support slide of man in field (6, 4)
22 Wrinkle to get rid of: use a pack! (8)
24 Another sale right on beam (5)
26 Something to chew on with rent due maybe (7)
27 An island race isn't to take away rights (7)
28 Elevated right to grow old in fury (8, 4)

DOWN

2 Mother putting spy in shade (7)
3 Glad to be taken over at work (8)
4 Bird on tap (4)
5 Appointment in country without any motorway (10)
6 Knight left without lot of spear (5)
7 Hunted animal round swamp in shade (7)
8 Wife-swapping at Covent Garden? (8, 5)
9 Beastly strong drink creating exuberance (6, 7)
14 Avoid vicinity of guide — understood? (5, 5)
17 One party in due course acquires a great admirer (8)
19 Bit of hair on head given extra fastening (4-3)
21 Going on with the French swindle (7)
23 Loud complaint unfinished by American Indian (5)
25 Pitch pole in lake (4)

Solution to puzzle No 4,847



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Friday April 16 1982

Hope deferred in the U.S.

THE OFFICIAL admission by Mr Donald Regan, the U.S. Treasury Secretary, that the economy is "dead in the water" looks like an important turning point in the policy debate inside the Administration. It is now recognised that the economy has not turned, and will not do so as long as cripplingly high real interest rates remain the rule. A Budget compromise designed to reduce the Federal deficit is now seen as the main source of future hope.

While the U.S. experience looks superficially like a high-speed replay of the Thatcher experience, in which the fiscal discomforts we suffered in 1981 are to be faced rather earlier in the political cycle, there is a good deal less in the comparison than meets the eye. The fact is that Reagan's supposed supply-side experiment was never embarked on.

Repentance

The President has at no time proposed a stimulating tax cut, for the supposed cuts barely offset fiscal drag. He has in truth been trying to rearm on credit, an inflationary expedient at any time.

Is the death-bed repentance too late? It is true that a different approach, financing defence out of taxes rather than borrowing, would have protected investment and activity at the expense of real incomes a year ago, but policy now faces a different dilemma.

The second bout of rising real interest rates—pushed up this time by falling inflation as well as high nominal rates—has not only depressed activity sharply, as in the UK, but has left a legacy of acute financial worry. In spite of rapid innovation, the U.S. financial system remains far more vulnerable to shock than the British.

The grim condition of housing finance has been obvious for many months: the past issue of fixed-interest mortgages has left the savings and loan movement with a cash flow deficit of more than $1bn. More recently the troubles of the farm sector have had devastating results on the farm machinery industry. The airline industry, which is highly geared, is also very weak though the aircraft suppliers may be protected by defence spending. The motor industry has suffered a savage slump, as has the construction industry.

Motivation

The U.S. credit market is not well adapted to seeing borrowers through troubles of such severity. Corporate borrowers have relied heavily on finance outside the banking system—bond and corporate paper issues. This has made it possible to achieve tight monetary control despite high inflation and interest rates, as it has not been in the UK; but when the going gets rough, financing problems are likely to set in much faster.

Investors have little motivation to lend good money after bad, and the banks are finding it difficult to hold their share of available deposits, let alone expand it rapidly to bail out corporate clients whose credit market ratings have been downgraded.

For the time being, the financial markets are almost equally worried about possible bankruptcies and a ballooning Federal deficit; high rates represent a premium on both financial and fiscal risk. However, the markets cannot hedge indefinitely against both inflation and deflation.

Risk

In short, we are at one of those chaotic turning points when those behind cry "Forward!" while those in front cry "Back!" Such turmoil is unlikely to last for long. The latest production figures, and Mr Regan's admission about what they imply, may help sentiment to turn more rapidly towards deflation—to risk rather than return.

There have already been signs of such a change in the behaviour of interest rate differentials and the investment policy of money market mutual funds.

A sense of risk can do more to restrain rash lending than high rates. In these circumstances, any credible progress towards a fiscal compromise could trigger off a rapid fall in real interest rates for prime borrowers. Pessimism may thus be the best hope.

Civil servants as managers

THE TREASURY and Civil Service Select Committee's recent report lamenting the inadequate levels of managerial efficiency within the Civil Service comes some 15 years after the Fulton Committee first drew attention to this and other failings within Britain's national administration. The fundamental weakness remains: management has never begun to attain the same status within the Civil Service as the traditional and more glamorous policy role.

The result, as the committee's forthright report notes time and again, is that political policy targets, if they are set at all, are not being achieved through the best use of resources. And there is little or no attempt at ensuring that programmes are designed to achieve their aims in the most cost effective way. The managerial disciplines associated with the best run private sector firms are generally absent.

Overriding

As the Government has set itself the priority task of both slimming the bureaucracy down and improving its quality, there is every reason to hope for a positive response to the committee's report sooner rather than later. But if a lasting change is to be made, a more radical approach to the Civil Service is needed.

The overriding need is to change the concept of what a civil service career entails. It can no longer be good enough to cream off the brightest young people from the universities and process them into a machine which will lead them, usually slowly and narrowly, into positions of control over large numbers of people and often enormous financial resources, without even the most rudimentary knowledge, training or experience of management.

An understanding of management methods and a proven ability to manage needs to become a prerequisite for elevation to the higher echelons, equally important as success in the policy arena. The hiving-off of certain functions into separate agencies can be helpful in certain circumstances (although the experience of the Property Services Agency is not encouraging). There is a strong case for a much clearer identification of management roles within directorates and departments. This first requires much greater emphasis on managerial training and it is difficult to resist the select committee's call for extensive training courses at all levels. This could be coupled with much more scope for civil servants to go out for short periods to manage local or regional offices.

Movement

Having acquired some managerial knowledge, civil servants will still be seriously hampered from making the most effective contribution possible unless there is some coherent management strategy within their department. There are numerous ways of instituting management programmes and information systems of which Mr Michael Heseltine's MINIS system is but one effective example.

In parallel with these developments there is a strong case for a general opening up of the civil service. More freedom of movement would enable people to join the service after experience in another profession. Wider management training within the service (coupled with revised pension arrangements) would enable more people to leave easily in their 40s and 50s with a background making them attractive for employment and re-employment in commerce and industry.

Creative

This in turn would help to unblock promotion opportunities in the middle ranks of the Civil Service. Excellence could also be further rewarded through a system of merit pay enabling further recognition to be given to managerial skills.

But whatever reforms of management within Whitehall are brought forward by the Government, the fact remains that the Civil Service is a vital and creative part of Government. Mrs Thatcher is the minister responsible for the Civil Service and while many of her complaints about it may be justified, it might be prudent to temper some of the more strident criticism for the sake of morale—which is as important as good management to efficient administration. The Civil Service must remain, above all, an attractive career proposition which will not be possible if it comes to be seen as a demoralised backwater.

U.S. AGRICULTURE

A bumper crop of troubles

By David Lascelles, recently in Kansas

THE YOUNG wheat looks green and lush out in the rolling plains of Kansas this spring, promising a bumper crop. But it could turn out to be a bitter harvest.

American agriculture is facing what some people believe is its worst crisis since the Depression. Unless there is a major crop disaster elsewhere in the world to fuel demand, the billions of bushels of grain that American farmers reap this summer will only add to bulging stocks held over from last year and make matters worse. With farm prices falling, anything that props up the market is good news down on the farm, no matter how bad for everybody else. There was secret rejoicing in Kansas last week at the possibility of a British blockade of Argentine wheat exports.

Things are already so bad that the U.S. Department of Agriculture (USDA) has decided not to publish its annual forecast of farm earnings. Privately it puts the figure around $16bn, nearly a third below last year's disappointing result and less than half 1979's level. In real terms it would be the lowest since 1934. Virtually throughout the U.S. farmers are anxious and despondent—even discounting their usual grumbles.

"Out here we all go to bed dreaming that we'll have a 40-bushel-an-acre crop and the rest of the world will have a drought. But our troubles have been going on for seven years now and we've pretty much come to the end of the course," said Mr Howard Ward, president of the Kansas Association of Wheatgrowers, scanning the 2,000 acres he cultivates in the middle of the state. "I expect to see some of my neighbours go broke this year."

The hard times facing America's 2.5m farmers may seem far removed from the woes of Detroit and the dole queues that most people associate with the recession-bound U.S. But it is a key part of the problem, and many economists have recalled that the bad times of the 1930s were caused by the simultaneous collapse of farming and industry.

About 23 per cent of the U.S. workforce depends in one way or another on farming, and when it suffers everyone from the local fertiliser salesman to tottering industrial giants like International Harvester feels it. Record high interest rates may have knocked car and home sales for six. But just as important, they are throttling farmers and depressing land values. Agricultural machinery sales have fallen 30 per cent since 1978.

Even the Reagan Administration's budget dilemma hinges partly on farming: there are few ways Washington can bail farmers out without adding billions of dollars to a deficit which has already smashed all records, so relief is not likely from that quarter.

Farming has been heading for its present fix ever since the boom years of the mid-1970s when the early Russian grain deals sent prices skyrocketing.

New way of life for a U.S. farmer

THERE WAS a time in the 1970s when Ken Gamber's 600 acre farm by the Arkansas River in the heart of the Wheat Belt provided him and his family with a living. Today, Mr Gamber (above) drives the local school bus and his wife Jane does part-time teaching to bring in some extra money.

"It's the only way we can keep up our standard of living. Even so, things seem to be wearing out faster than we can afford to repair them," said Mr Gamber, who is 35 and has been a farmer nearly 10 years.

Unlike many farmers, the Gambers were careful to stay out of debt—a policy which may have deprived them of opportunities to expand and improve their property but has left them free of the crushing financing costs faced by others. But Mr Gamber is still resentful about what he calls the "cheap food" policies pursued by successive administration, which have prevented farm incomes from keeping up with inflation.

"Do you realise there is only seven cents' worth of wheat in a 1 lb loaf of bread? If they raised that to nine cents and passed the increase straight through to us our troubles would be over."

Although Mr Gamber has pared back costs wherever he can, he sees no long-lasting relief until Washington accepts that farmers deserve a better return. He admits that production controls might be necessary, though these would be unpleasant.

But like most farmers, Mr Gamber says he is not in it only for the money. "There are times I get pretty discouraged and wonder why we keep knocking our heads against a wall. But I like the elbow room, and there's the satisfaction of seeing things click, which they do sometimes."

Capacity soared in response and inevitably prices started coming down again. But in the meantime costs were rising too: fertiliser, fuel, equipment and labour.

But the cruellest blow was interest rates. Most farmers lean heavily on the banks to see them through until the crop comes in. But many took advantage of rising land values to gear up their borrowing only to be crushed when interest rates more than doubled over the last three years and wiped out a large chunk of their income.

The financing squeeze was worse for the most productive types of farmer: those who expanded aggressively and bought the latest machinery. Also badly hit is the new wave of young farmers who were drawn to the land by the "earth" movements of the 1970s and for a while reversed the drift away from the countryside.

But while these cost pressures mounted, prices for farm produce rose little if at all. Last year, the USDA's index of prices received by farmers fell by 11 per cent, with the price for major commodities like corn dropping by as much as a third. As a result, farm debt soared to $200bn, meaning that the average farmer owed $10 for every dollar that he earned, five times more than the historical rate.

Ironically, the crisis has blown up because the farmer is being forced to pay for his own success. Good harvests and high productivity have created such an abundance of food on the U.S. market that the farmer who raises his yield is cutting his own throat. And it takes an immense setback to push up prices. Last year, Kansas, the leading wheat producer, lost a quarter of its crop to a late frost, but prices barely flickered.

For some years, exports helped ease the oversupply. They now account for 30 per cent of all agricultural output. But even those markets are now failing to sop up the torrents of grain and wheat that pour off the U.S. countryside. Farmers, always keen for a scapegoat, blame the Soviet grain embargoes imposed by the Ford and Carter Administrations for damaging their hard-won reputations as reliable suppliers. The Reagan Administration's decision to lift the embargo was good news, but farmers claim that their foreign customers are still not buying as much as they might because of the fear of future trade sanctions.

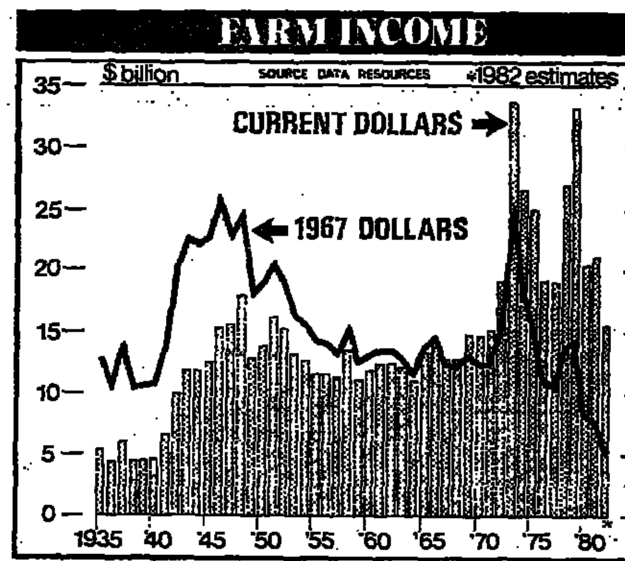
Aside from lifting the embargo, however, the Administration seems to be doing its best to ignore the farming crisis because all the most obvious remedies look distasteful for ideological or political reasons.

With budget deficits of over $100bn looming, Mr Reagan cannot afford to increase price support levels, even if his inclination towards free markets allowed him to. Nor are the yelps of farmers likely to bring down interest rates when the appeals of Detroit, the housing industry and the collapsing savings banks have failed.

The USDA is doing its best to cope by means that cost as little money as possible. In a bid to persuade farmers to curtail production, Mr John Block, the Agriculture Secretary, has asked them to reduce their crop acreage by up to 15 per cent. The scheme is voluntary, but those who sign up will qualify for various types of federal aid, including crop loans.

By last week, 45 per cent of the eligible land had been signed up, which looks promising. But farmers can still drop out by June if they think crop prices will be high enough to make that extra 15 per cent worthwhile without federal aid. Most experts say the scheme will help, but not much. "It should have been 25 per cent, not 15 per cent," snapped one farmer.

The USDA's other hope lies in boosting exports. Along with members of the U.S. Farm Bureau, the largest alliance of farmers, its officials are travelling the world to promote sales and try and persuade foreign governments to lower tariffs on agricultural trade. The EEC's Common Agricultural Policy is a special target.



But many of the largest markets are in poor countries which cannot afford to buy U.S. grain and meat at unsubsidised prices, especially with the dollar so strong. The USDA has already predicted that recession abroad will reduce the value—though not necessarily the volume—of U.S. agricultural exports this year, underlining the drawback to agriculture's growing dependence on overseas markets: volatility.

The Soviet bloc and China continue to hold out the greatest promise, creating an unusual alliance between the Communist world and the deeply conservative Grain Belt where farmers keep close track of the Kremlin's gold sales. So long as farming is in trouble, Mr Reagan will suffer this constraint on his dealings with Moscow.

"If the Russians have two good harvests in a row, then there will be a real debacle," said Mr John Dunbar, dean of the Agricultural Department at Kansas State University. "We have a chronic overproduction problem and the situation is becoming critical."

Despite all the alarmist talk, nobody expects a new depression to sweep through U.S. farming and transform the Mid-West into the dustbowl of the 1930s. Nor are massive bankruptcies likely because farmers have built up huge equity in their properties thanks to higher land values, even though they are declining now. But farm auctions are on the rise, and bankers report that more of their farm customers are in trouble.

What the crisis could lead to, though, is a drop in agricultural output which, while painful, would provide the very adjustment that U.S. farming needs. The question is whether it comes in an organised fashion or as a result of farming losses.

Many farm experts believe the Administration or Congress should seize the opportunity to reinstitute the severe production limits that kept supply and demand in fairly good balance in the decades immediately after the last war. At that time, farmers were paid to leave land fallow. But the chances of that seem small. "Things would have to get far worse than they are now before the Government would act," said Mr Richard Smith, an economist at North-western National Bank in Minneapolis, a large grain trading centre.

Farmers, not surprisingly, would prefer a solution which raises demand rather than curtails supply. They want better access to foreign markets and possibly the redirection of USDA resources into financing exports. But many reluctantly agree that production controls might be necessary. Some are even calling for a referendum on mandatory acreage controls. Whether they would actually support them if it came to the crunch is another matter. Jus supposing they did reap that 40-bushel crop when everybody else had a drought?

Men & Matters

Trust funds

Americans, it seems, are that bit more decisive. The National Trust's search for sponsorship for a two-month national festival this summer led to months of unproductive talks with British companies which, like the young lady, wouldn't say yes and wouldn't say no. Then the NT was introduced to American Express. A deal was agreed inside two weeks. During June and July this year 2p will go to the NT from every American Express card transaction in Britain.

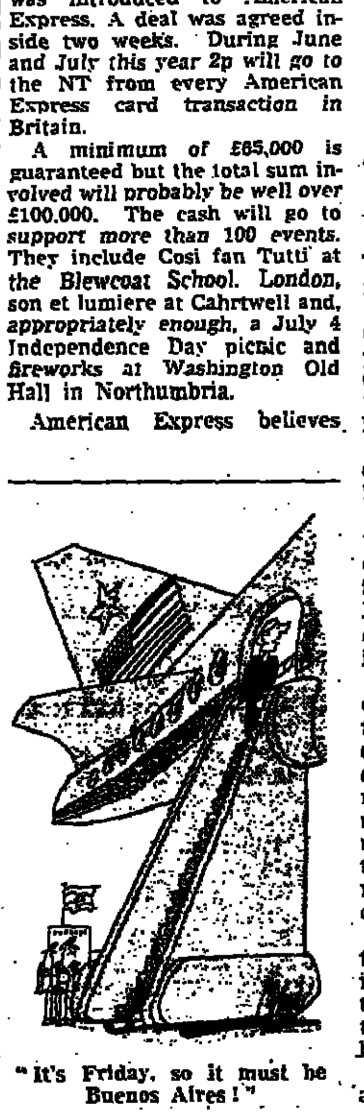
A minimum of £65,000 is guaranteed but the total sum involved will probably be well over £100,000. The cash will go to support more than 100 events. They include Cosi fan Tutti at the Blewcoat School, London, son et lumiere at Cahrtwell and, appropriately enough, a July 4 Independence Day picnic and fireworks at Washington Old Hall in Northumbria.

American Express believes the NT is a worthy cause to support in its own right. But, as a travel and tour operator, American Express will also be running a welcoming eye over the trust's 1m members.

The link is likely to continue. Each time a membership application form taken from an NT property results in a new member of American Express £5 will be paid to the trust.

In a reciprocal gesture during the festival American Express, which has 700,000 British cardholders, will pay for a year's free membership of the NT to those introducing new members.

"But it will be very discreet. The American Express name won't be all over our stately homes," the trust says reassuringly.



"It's Friday, so it must be Buenos Aires!"

Early riser

Central bankers are normally portrayed as staid but cunning old gentlemen skilfully practising the art—as former Bank of England governor Lord O'Brien once said—of "how to exude confidence without positively lying."

That mysterious institution at the hub of the international central bank circuit, the Bank for International Settlements in Basle, is now trying to inject a dash of youthfulness into its information services.

BIS is advertising for what it coyly calls a "younger editor" to assist in compiling the bank's daily news sheet of world economic events. The bulletin, mainly assembled from international news reports, is required reading for BIS executives and is also sent out regularly as a service to other central banks.

Newspapers telephoning the traditionally secretive BIS for information are usually treated to a thorough summary of what their rivals on competing papers have written that day.

The successful candidate, apart from possessing the ability to translate "challenging texts on economics and related subjects" will need to be an early riser. Underlining that banking in Basle is far from being a sinecure, the BIS is stipulating that, in true Swiss early-bird style, the young banker should start work at 7.30 in the morning.

City lights

In the City of London the year 1928 was marked by two happenings. A bunch of wildly euphoric company prospectuses was issued to suit a market mood in which almost any company on offer was being eagerly snapped up by punters. And John Kinross started a long, and subsequently profitable, City career.

Kinross went on to help found the Industrial and Commercial Finance Corporation in 1945 and became the first general manager. At 78 years he still plays an active part in ICFC. However, nearly all the cheap and cheerful companies that arrived in the City with him have long since been forgotten apart from Kinross' own records of those free-booting days.

He has a collection of old company prospectuses from the late 1920s all of which he believes would be regarded as fraudulent by today's standards.

It was a widespread practice then for issuing house bankers actually to write the more sensitive elements of the prospectuses. Often they could not resist giving free rein to their enthusiasm for an embryo company. The job has long since been taken over by lawyers. "And a good thing too," says Kinross, pointing out examples of the wilder absurdities which used to be offered as bait to an expectant public.

With a formidable horde of old city papers and diaries to draw upon, together with an excellent memory, Kinross decided to write a private record of his career for his grandchildren. His story deserved a wider audience. Next week it will be published as Fifty Years in the City (Financing Small Business), John Murray, £12.50.

Recalling his early days with ICFC Kinross provides a revealing insight into the style and ambitions of the young Roy Jenkins who was then on the staff. Never one to waste time Jenkins would pull a notebook from his pocket whenever he was held up on on the telephone and would proceed to scribble notes for a biography he was writing on Clem Attlee.

Bitter news

As if it's not enough having to drive on the wrong side of the road the Falkland Islanders are facing another catastrophe—a shortage of their favourite tipple.

A Danish cargo ship, the Aes, on its way to the Falklands with 850 cases of beer and lots of Scotch whisky had to be diverted and is now languishing in Rio de Janeiro.

Many of the Falklanders are descendants of Highland shepherds and have Scottish drinking tastes. They're especially partial, it seems, to McEwan's Export, although Younger's Tartan and Newcastle Brown go down fine as well. They also maintain the old Scottish custom of drinking a "half and a half"—half a pint and a whisky chaser.

Should the Royal Navy ever make it to Port Stanley it will be able to raise the drought as well as the siege. The fleet is steaming southwards armed with 92,000 cans of McEwans.

Out of print

Printing World reports that because of production difficulties its special supplement on the UK's top printers has been postponed.

Observer

THE FALKLANDS CRISIS

A jolt to the City's status

By William Hall, Banking Correspondent

"I will feel definitely less easy in future about London as a financial centre," a senior Swiss banker last week.

"Britain is not a neutral country and it follows that from time to time it will adopt a foreign policy stance which will interfere with the commercial freedom of both domestic and foreign entities operating from a British base . . . it is naive to assume that the City's relative position as an international centre will be much altered as a consequence," S. M. Yassukovich, managing director European Banking Company.

These opposing sentiments highlight the question uppermost in the minds of London's international banking community. Has the UK Government's decision to block Argentine assets in the UK done irreperable damage to the City's reputation as the world's leading international financial centre?

The City has a lot at stake. The vask bulk of the players in the game are foreign banks and their decision to locate business in London is the main reason why it has grown so important and now accounts for around a quarter of the world's international banking business.

London is the main home of the $855bn Eurodollar market which has mushroomed over the last two decades on the back of its freedom of official controls and central bank regulations. Now the City's position in this market has been thrown into jeopardy, in the eyes of many bankers, by Britain's action to block Argentine assets.

Banks from countries with no dispute with Argentina have found their international operations severely disrupted merely because they happened to channel business through London. Could it happen again if Spain falls out with the UK over Gibraltar or China gets into an argument with Britain over the future of Hong Kong?, bankers are asking. If banks decide to pull out the City's importance would shrink drastically.

However, as the emotion subsides the international banking community is beginning to realise that while Britain's action may turn away some marginal business, it will probably not do the City lasting damage, if for no other reason than there is nowhere else for much of the business to go, except New York. And it has already shown that it is willing to freeze Iranian assets. International banking is never going to be the same again.

Even so the City has a lot at stake. Throughout the 1970s when the world was hit, first, by the sharp rise in oil prices and then by recession, the City's foreign banking community nearly doubled in terms of numbers of active players. Ten years ago there were 174 foreign banks directly represented in the City, employing 12,700 staff and controlling deposits of £18bn.

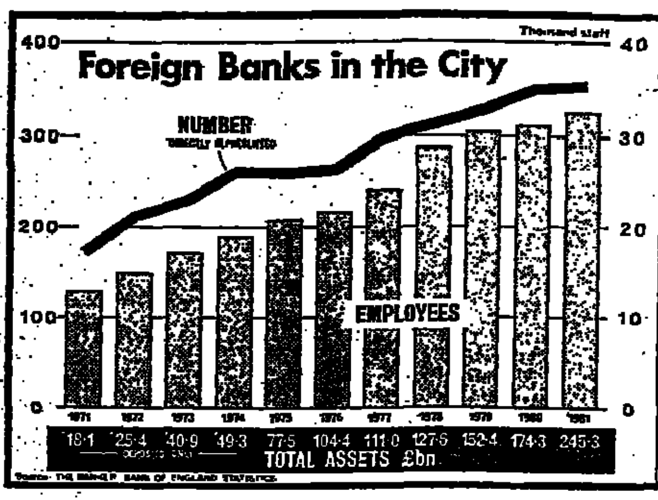
Today, there are over 350 foreign banks, employing nearly three times as many staff and controlling assets of £245bn. New York, the nearest rival is less than half London's size in terms of international lending and plays host to 100 fewer foreign banks than London.

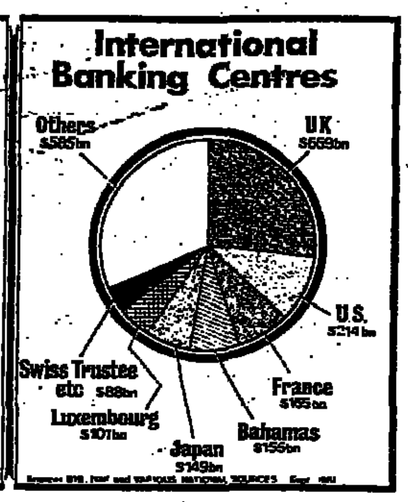
The London branches of some U.S. banks are very large banks in their own right and based on the size of funds they control would rank among the world's top 30 banks. As a group the London branches of U.S. banks control the same amount of money as all of the London clearing banks together. The same goes for the Japanese banks.

The growth of the eurodollar market has been one of the main reasons why the foreign banks flocked to the City in the 1960s and 1970s. The restrictions on U.S. banks' lending abroad in the 1960s meant that they had to come to London to look for "offshore" funds which they could lend to their multinational clients.

The absence of regulations and the more flexible attitude of the Bank of England, compared with other central banks, meant that banks enjoy operating in London. In addition, it is located in a convenient time zone, mid-way between the Far Eastern markets and the New York markets.

Over the years some of the City's advantages as an international centre have become rather tarnished. The Bank of England has introduced increasingly complex regulations, the Inland Revenue has shown greater interest in taxing foreign banks more heavily, and the costs of running a London operation have been escalating rapidly.





Martyn Barnes

Nevertheless, the City's share of the international banking markets has been growing in recent years and the City has successfully fought off challenges from other European centres such as Paris which once had ideas of being Europe's financial capital.

Bankers find it hard to pinpoint why the City continues to be such a successful international financial centre but many believe that much of this is due to the confidence engendered by Britain's stable political and economic environment.

It is against this background that London's foreign banking community is assessing the damage that the UK's decision to block Argentina's assets is having on international confidence in the City. The action has demonstrated dramatically that the UK Government is prepared to draw both British and foreign banks into its political disputes.

The idea that the City of London is an "off-shore" centre which could remain unsullied by Britain's political crises has been torpedoed for good. As the implications sink in, bankers are reacting in different ways.

There are many bankers, particularly from countries such as Switzerland, who believe that the UK Government's action has done lasting harm to the City.

One leading Swiss banker who has worked in the City for more than a decade said last week that he felt the affair had been very badly handled. The Bank of England had been caught completely unprepared and it took 10 days for the authorities to issue the banks with detailed instructions. Even worse the blocking of Argentine assets had disrupted foreign exchange deals.

Ten years ago such sentiments would have been endorsed by the bulk of the international financial community and most would have predicted that the British action would have done irreparable harm to the City's position as a financial centre. However, attitudes are changing rapidly.

When the U.S. froze Iranian assets it was argued by some bankers that such action would never be allowed to take place in London and the City would benefit as a result. However, despite the U.S. action and the subsequent lengthy litigation, New York does not appear to have suffered as an international financial centre and the number of foreign banks opening New York offices continues to increase.

Two things appear to have happened. First, bankers are becoming much more resigned to being used as weapons in international disputes and second, apart from New York, there are no obvious alternative "bolt-holes" for much of the business which is conducted in London.

"The days when you could call in the U.S. Marines to solve international disputes are over," said the general manager of the London branch of a leading U.S. money centre bank last week. "The subtleties of life are such that these instruments are no longer usable and we as banks have to recognise that we are pawns and will be used in warfare."

Swiss centres such as Zurich and Geneva are obvious candidates to capture business fleeing from London. Switzerland has a sophisticated banking system and its bank secrecy laws. It is both politically and economically stable. It would be unthinkable for the Swiss Government to take the sort of action now being pursued by the British Government.

On the other hand it lacks the major money markets of New York and London, it restricts the entry of foreign banks and would find it impossible to shoulder much of the business being done in London. Luxembourg is another possibility but its growth has been stunted by the impact of the regulations on German banks and neither Frankfurt nor Paris show much sign of being able to duplicate the City's role as an international, as opposed to a domestic, financial centre.

There are candidates further afield but here again the possibilities are limited.

For these reasons, London and New York seem destined to continue to capture the bulk of the international banking business.

Nevertheless, the world banking community is watching closely the way the Bank of England and the Treasury handle the freeze of Argentine assets.

To date the verdict is that the Bank of England is approaching the problem with far more subtlety than its U.S. counterpart.

However, the UK authorities do appear to be adopting a tougher line than the U.S. authorities did at the time of the Iranian crisis in their treatment of Argentine individuals.

If the British decision to block Argentine assets does nothing else it is likely to make private depositors at least review their investment strategy. It is also likely to lead to an increasing amount of gold being repatriated to central banks around the world.

However, the real question raised by the freeze on Argentine assets in Britain is not so much its impact on the City's role as a financial centre but its effect on the world financial system generally. Coming so soon after the Polish crisis and the growing debt problems of other Comecon countries and many less developed countries, the Argentine crisis has given another nasty jolt to the world's financial system and will severely test its robustness.

UK-BASED BANK'S INTERNATIONAL LENDING

	$bn	British banks	American banks	Japanese banks
		Percentage share		
End-Dec. 1977	234.4	23.1	34.2	11.4
End-Dec. 1978	301.6	23.0	31.7	12.8
End-Dec. 1979	392.3	23.0	29.0	16.2
End-Dec. 1980	494.9	23.7	25.0	19.9
End-Sept. 1981	570.4	23.6	23.9	23.4

NB Foreign currency lending to residents and non-residents and sterling lending to non-residents

Source: Bank of England Quarterly Bulletin

Lombard

The fetish for technology

By Geoffrey Owen

THERE IS a tendency in Britain to make a fetish of technological revolutions. The present vogue is for information technology: the growth industries of the future will be those concerned with processing and distributing information, producing an enormous demand for information specialists. The boring business of making things which people want to buy will be carried out in automated factories requiring few if any blue-collar employees.

Evidence for this vision of the future is pretty sparse; it may be based on a misunderstanding of what advances in information technology are actually doing to jobs.

Take, for instance, the application of computer numerical control (CNC) to machine tools. The purpose of NC and later CNC was to control more precisely the movements of a cutting tool and thus to permit the design and manufacture of more complicated pieces. However, the effect of CNC has not been to usher in the era of the automated factory, replacing the traditional craft skills of the machine tool operator by a handful of computer specialists remote from the shop floor. On the contrary, as a recent study* of British and German experience shows, CNC can and should enlarge the role of the operator.

Engineering companies in the advanced industrial countries are more and more concerned with making small batches of complex components and machines, rather than large volumes of standard products. This requires a high degree of flexibility on the part of the machine tool and its operator, so that, for example, the change-over from one part to another can be handled quickly and efficiently. Rather like a pocket calculator in the hands of an office worker, CNC does not displace the craft skills of the operator but enhances them. "Information-processing" skills are added to his vital experience of materials, tools, speeds and so on.

It is striking that in German factories programming tasks are increasingly carried out on the shop floor by the operators themselves. In Britain there is a tendency to put programming functions into the hands of planners and not involve foremen in the organisation of CNC to the same extent as in Germany. This reflects well-known national differences in attitudes towards training and the demarcation of jobs.

On the basis of their study of CNC the authors suggest that the spread of micro-electronic information technology does not necessarily create a new demand for information-processing skills, but makes possible the evolution of traditional skills towards higher levels of expertise. They criticise the notion, prevalent in Britain, that the promotion of technologies like micro-electronics or software design is the key to the creation of jobs. The revitalisation of manufacturing industry, they argue, requires occupational skills of a "non-informatic" type, which are developed and expanded through information technology.

All this is relevant to the review of technical training now going on in the UK. But the study also casts doubt on the assumption that the shift from manufacturing towards clerical white-collar and service employment will continue indefinitely. Micro-electronics may have a dramatic effect on productivity in services like banking, insurance and retail trade, limiting the growth of employment in those areas, while constraints on government spending will reduce job opportunities in the public sector, this is already apparent in Germany.

It follows that the efficiency of the manufacturing industry is even more important in terms of employment and that the direction of training policy should be towards the upgrading of technical competence in manufacturing, not the creation of a new breed of information specialists.

* *Microelectronics and manpower in manufacturing; applications of computer numerical control in Great Britain and West Germany. By Arndt Sorge, Gert Hartmann, Malcolm Warner and Ian Nicholas. International Institute of Management, Platz der Luftbrucke 1-3, 1000 Berlin 42, West Germany.*

Letters to the Editor

Debentures, 20-year money and corporate issuers

From the President, Association of Corporate Treasurers

Sir,—In discussing possible ways of re-opening the debenture market for corporate issuers, Lex suggests (March 29) that even if the re-opening of the market was stimulated by imaginative tax breaks, companies might still be less than enthusiastic because they are well satisfied with other sources of capital, notably medium-term commercial bank borrowings.

Lex draws a comparison with Germany where companies, despite much lower rates of interest, still prefer to borrow from commercial banks. We think that this comparison is invalid. There is an inbuilt bias in Germany towards borrowing from the commercial banks because of the latter's significant equity stakes in corporations. There is not a great deal to choose in maturity between seven-year money from the banks and 10-year money from the capital market.

In the UK, we are talking about a capital market—when it functions properly—which can deliver debt maturity in excess of 20 years. And, looking at the way corporate balance sheets have deteriorated over the last decade, it is high time that 20-year money was available if there is to be any real chance of rebuilding industry in this country. We believe there is a pent-up demand for long-term debt which only awaits the right key for unlocking the market.

Treasurers,
Third Floor,
Pembroke House,
40, City Road, EC1.

Divestment at Lloyd's

From the Chairman, Alexander Howden Group Australia

Sir,—If the purpose of divestment at Lloyd's is to eradicate conflicts of interest, then, to do the job properly, logic requires the complete severance of ownership links between all insurance brokers (whether trading at Lloyd's or not and all underwriting agencies (whether acting for Lloyd's syndicates or for insurance companies) and between brokers and insurance companies. Furthermore, broking firms should be required to cease operating binding authorities on behalf of insurance companies or Lloyd's syndicates. Employees of Lloyd's broking companies should be disbarred from being underwriting members of Lloyd's. Such legislation would of course require a public Bill, but it would eradicate virtually all the apparent conflicts in the London market and would doubtless be hailed by jurists as a perfect piece of surgery. The end-product would of course be that the patient would be dead.

Three simple amendments to the Lloyd's Bill would go a long way towards restoring unity of purpose to our market, without imposing artificial handicaps on London *vis-à-vis* its international competitors, and yet still give to the future council the self-regulatory powers which Lloyd's are seeking.

Impose mandatory separation of management in place of divestment. Restrict immunity so that it applies solely to members of Lloyd's. Give all members equal voting rights.

These amendments would separate effectively the broking and underwriting functions, without the divisive and financially damaging consequences which divestment would inflict on the Lloyd's community. They would avoid the danger of the "knock-on" consequences of divestment causing wider damage to the whole London market and our invisible earnings.

In addition they would eliminate the manifestly unjust requirements for our top insurance marketing groups to sell their valuable agencies—the forced sale at false prices of assets worth over £100m makes no sense at all when another practical and far less radical solution is readily available; avoid the hazards of the control of these agencies (some of the largest and most efficient in the market) and the responsibility for appointing the underwriters moving into the hands of less capable and less easily-disciplined owners; leave underwriters with the option of marketing their products through a broking affiliate of their own creation, should they so wish. Avoid disrupting the present relationships between several thousand members of Lloyd's and their chosen agents, avoid disturbing the pension and other rights of hundreds of employees in the agencies concerned, allow Lloyd's own senior staff and senior personnel of Lloyd's broking firms or agencies—several thousand men and women are involved—to retain their normal civil rights, while still eliminating any hazard of disgruntled names seeking to recoup their individual losses from the total membership of Lloyd's by bringing suit against the council of Lloyd's; and remove the divisive feature in the present Bill whereby working names have eight times the voting power of external names.

Ronald Comery,
115 Pitt St.,
Sydney, NSW 2000.

The price of zinc

From the Non-ferrous Editor Metal Bulletin

Sir,—John Edwards (April 8) states apropos zinc—"But because most producers have failed to follow the cut to $860, the producer price, as established by the London magazine Metal Bulletin, has remained at $900." This was an accurate statement of the position at that point. Since, however, there are a large number of ores, metals and metal products for which price quotations are established by Metal Bulletin, your readers may perhaps have been misled as to the extent of Metal Bulletin's role in the formation of this price.

In zinc, the producers have a much greater degree of control over what will be published in Metal Bulletin than do the producers of the other metals for which a free market price is quoted. Indeed, the terms of reference for the quotation, which were originally laid down by the producers themselves, do not allow Metal Bulletin to take account of actual transaction prices—only of individual zinc sellers' price announcements.

In contrast, all other price quotations established by Metal Bulletin start with reports made privately to the journal by parties in the market of transactions they have recently concluded. In other words, the zinc producer price is established on the basis of a producer priced market rather than a free market.

It is further worth emphasising that Metal Bulletin's role in the zinc producer price quotation process has been progressively thrust upon it by the evolution of events since 1964 when the producer price was initiated by the producers themselves. Your readers could also be misled if they relied upon the tenor of Mr Ratjen's remarks, also quoted in the article, for their understanding of this, by now, unhappily complex issue.

David S. Gilbertson,
Metal Bulletin,
45-46, Lower Marsh,
SE1.

High interest rates

From the Financial Director Arid Lands Development

Sir,—I was very interested to read David Lascelles (April 1) "Savers may hold key to high U.S. interest rates." If he is right, as I think he is, in saying that the reason for high interest rates is not in the level of U.S. government debt, but in the ability to market that debt, Britain's innovative approach to the capital markets may be able to teach the Americans something.

Due to the gradual rise in inflation rates since the last war fixed interest rate securities have been one of the worst investments of the last 20 years. It is therefore not surprising that despite the U.S. government deficit being a small proportion of gross domestic product, 3.5 per cent, compared to 5 per cent UK and 5-6 per cent in Japan; investors have not flocked to lend the U.S. Government the money it requires. The Tory Government's policy of floating a certain amount of inflation-linked securities has found a lot of support amongst investors who have seen their savings badly eroded. The full effect of this has not yet been seen.

One of the problems of this scheme is that on the face of it now is a good time to buy conventional bonds. However, pronouncements such as this have been made frequently over the last ten years and from a long term perspective they have been hopelessly inaccurate. I believe that if the U.S. Government financed 25 per cent of its borrowing requirement through inflation-linked securities it would allow domestic interest rates to fall substantially over a ten-month period. Since the long term cost of inflation-linked borrowings to the Government is likely to be high judging from past experience there would no doubt be a return to conventional borrowing when interest rates had fallen to say 10 per cent. The capital markets of the world have been very kind to governments and corporate borrowers alike but the number of suckers is not increasing at the same rate as the increase in the demand for funds. Much of the money which now goes into money market funds in the U.S. might be attracted to index-linked gilts and if the new securities were successfully marketed the savings ratio should improve. When American interest rates fall as a result of this flood of money to the bond markets the world economy would undoubtedly be placed on a surer footing.

Jonathan Colvile,
5 Dove Mews, SW5.

UK COMPANY NEWS

Second-half rally puts London Brick over £11m

WITH second-half pre-tax profits advancing from £3.33m to £5.99m, London Brick Company ended 1981 with figures up from £10.74m to £11.15m. The final dividend is raised from 2.632p to 3.1584p for an increased net total of 4.8926p against 4.3662p.

Turnover rose from £123.87m to £127.09m, and trading profits improved from £13.34m to £14.95m. The pre-tax figure was struck after depreciation higher at £3.09m compared with £2.81m, and interest charges of £1.36m against £1.84m. Investment income was considerably lower at £655,000 (£2.05m).

Tax took £4.1m (£986,000 relief), leaving £7.06m (£11.73m). After extraordinary debits of £3.14m (£1.1m), attributable profits were £3.91m (£10.64m). Dividends absorb £3.06m (£2.7m), giving retained profits of £856,000, which was well down on the previous year's £7.94m.

The company has entered into an agreement to acquire 3,448,154 ordinary shares in Brick and Pipe Industries, an Australian-listed company. London Brick is the beneficial owner of 1.25m ordinary in B and P.

The acquisition will be completed in three tranches, and is subject to consent from the Australian Reserve Bank. The acquisition of the third tranche is also subject to the consent of the treasurer of the Commonwealth of Australia under the Foreign Takeovers Act, 1975.

Completion of the first tranche, representing 1,234,978 shares, will take place within seven days or when Reserve Bank consent is obtained if that should be later, and completion of the second tranche, representing 1,054,473 shares, will take place on June 30 1982.

Completion of the third tranche, representing 1,158,703 shares, will take place 28 days after consent under the Foreign Takeovers Act 1975 has been obtained. Consideration payable in cash on completion of each tranche.

On completion, London Brick's holding in B and P will be 4,698,154 ordinary (19.897 per cent). Total consideration for this holding will have been A$9,176,493 (*current rate £5.46m*). Accounts of B and P for year ended March 31 1981 showed net assets attributable to shareholders of A$47.25m and profit before tax and extraordinary items of A$8.58m.

See Lex

HIGHLIGHTS

The Lex column looks at the results from RTZ the diversified mining company, which reflect the pressure on base-metal earnings, and, as the contracting season gets underway, it also considers the figures from Taylor Woodrow and London Brick. RTZ has reported, as forecast, a fall in 1981 net income after minorities from £155.4m to £102.3m. The decline was principally due to the extreme weakness of base-metal prices, in particular copper. The situation was somewhat redeemed by the very strong earnings from Borax. Taylor Woodrow maintained its full-year pre-tax profits at £24.8m, even though it ran into *problems in Trinidad. Meanwhile London Brick achieved an* element of recovery in the second half as capacity reduction began to take effect and the company turned in little changed full-time profits before tax of £11.15m, against £10.74m previously. The column also looks briefly at yesterday's market position before examining the proxy battle over Lonrho's borrowing limits.

Overseas loss hits Taylor Woodrow

HIT BY a £4m loss on a road *contract in* Trinidad, *taxable* profits of Taylor Woodrow, builder and civil engineer, were virtually unchanged at £24.88m for the 1981 year, compared with £24.84m. Turnover, including associates, amounted to £575m, an increase of £55m.

The deficit represents the *group's* share of the loss suffered by an associate; substantial claims are being pursued on the contract, directors state.

The year's dividend is maintained at 16.307p net per 25p share with a final of 13.157p. Last year's final payment was 10.157p but a special anniversary bonus of 3p was also paid.

At the interim stage profits were slightly ahead at £8.36m against a previous £8.16m.

Depreciation took £12.7m (£11.77m), while associates share amounted to £2.42m (£2.49m).

Tax charge for the period was *higher at £9.23m, against £7.78m*, and after minority interests of £1.02m (£584,000) earnings are shown as £14.63m (£16.48m) or 49.7p (56.1p) per share—fully diluted they are given as 48.3p (55.6p).

Extraordinary credits totalled £6.02m lifting the available balance to £20.65m—last year's figure of £36.66m was after an extraordinary credit of £20.18m, which included a deferred tax release of £20.6m.

On a current cost basis pre-tax profits are reduced to £17.43m (£18.7m) and earnings, before extraordinary items, are shown as 27.9p (37.7p) per share, or *27.7p (37.3p) fully diluted*.

See Lex

Morgan Crucible falls: payout held

A DROP in pre-tax profits from £10.03m to £8.07m is reported by the Morgan Crucible Company for the 53 weeks to January 3, 1982 although sales for the period rose to £133.01m, compared with £123.7m. After six *months taxable profits* were £3.91m lower at £2.59m.

The full year results of the UK subsidiaries were "inevitably poor" although there was some recovery in the second half when trading profits, which had been as low as breakeven in the first quarter, improved to £1.9m in the fourth quarter as reductions in costs began to work through.

By contrast, the group's overseas companies continued to trade satisfactorily throughout the year, producing trading profits of £8.2m, excluding Hydrotex which contributed trading profits of £877,000 between its acquisition in September and year-end.

Mr Ian Weston Smith, the *chairman, says 1982 has started* quietly, especially in the U.S. where the severity of both the weather and the recession will prevent Hydrotex from achieving the rate of profit in the first half reported since its acquisition.

For the group as a whole, which supplies components and materials to industries throughout the world, the chairman says pre-tax profits for the first six months are expected to show a "*very noticeable improvement*" over the corresponding half of 1981.

The pre-tax profit for the year under review included investment income *of £330,000* (£199,000) and was struck after net interest charges of £4.02m (£2.95m) and redundancy and relocation costs in the UK of £900,000 (£1.08m).

Tax, less grants for capital expenditure, totalled £2.99m (£3.18m) and, after minorities and provision for preference dividends, earnings attributable to ordinary shareholders emerged at £4.67m (£6.43m).

Stated earnings per 25p share were well down at 10.5p (15.4p) *but* a final dividend of 4p (3p) maintains the net total at 7.5p on the enlarged share capital.

At the end of March some nine acres of the Battersea site were sold to Wates for £3m, payable over the next two years plus an equity share in the proceeds of the sale of flats and houses which *are to be built on the site*.

Excluding this equity share the group's net profit of the transaction was approximately £950,000 which will be included as an extraordinary profit in the current year. Development of the remaining 1.5 acres is still under discussion.

A *divisional breakdown of sales* and trading profits (£11.77m, against £12.78m) shows: electrical carbon £33.26m (£29.27m) and £3.13m (£3.55m); special carbons and ceramics £20.53m (£22.36m) and £969,000 (£2.18m); Thermic £41.53m (£41.45m) and £3.55m (£4.62m); Acorn £28.96m *(£23.52m) and £2.36m (£1.4m)*; other products £8.74m (£7.12m) and £1.14m (£518,000). Holding company trading profits were £615,000 (£516,000).

CCA pre-tax profits were £2.95m (£3.55m) and loss per share 0.6p (0.4p earnings).

● comment

Morgan Crucible's near 20 per cent drop in pre-tax profits looks back at a very difficult interim period. Second half on second half there was a 55 per cent increase in pre-tax profits, as trading margins recovered to about 10 per cent. Overseas sales at 66 per cent of the total, up seven points, reflect the flatness of the home market. Special *carbons and ceramics* experienced more than halved trading profits, but rationalisation should lead to some recovery this year. September's £19m U.S. acquisition, Hydrotex, selling about 44 per cent of output to farmers, was hit by the N. American winter, but is expected to be washing its face of finance charges this year. Despite the drop of a third in earnings per share and a current cost loss, the dividend has been maintained. The shares, at 123p up 1p, yield 9 per cent.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Aberthaw Cement	7.5	July 2	6.5	11.5	10
Beauford Group	1.4	—	Nil	2.1	0.7
Bestwood	5.5	June 1	4.5	5.5	4.5
Camrex	2.38	July 1	Nil	4.02	Nil
‡Clyde Petroleum	0.55†	July 2	0.55	0.55	0.55
Combined Eng. Stores	1.66	July 20	1.66	3.15	3.15
Dowding and Mills int.	0.78	—	0.7	—	1.65
Feb Intl.	1.5	—	1.33*	2.25	2.0*
Forward Technology	0.7	May 28	2.3§	3	7.9§
General Scott. Trust	2.1	July 7	1.9	3.1	2.9
Harrison (T. C.)	2.18	—	2.03	3.1	2.95
Hewden-Stuart	0.8	July 8	0.8	1.28	1.28
Kalamazoo int.	0.83	May 24	0.83	—	2.5
Land Investors int.	0.2	May 24	0.2	—	1
F. J. C. Lilley	3.52	June 2	3.2	5.5	5
Lond. & Holyrood Trust	4	July 26	3.75	6	5.75
London & Prov. Trust	3.65	July 26	3.3	5.65	5.3
London Brick	3.16	July 3	2.63	4.89	4.37
Martonair int.	1.95	May 14	1.95	—	7.6
Morgan Crucible	4	July 16	3	7.5†	7.5
Wm. Morrison	1	May 29	0.9*	1.4	1.25*
Neil and Spencer	Nil	—	0.7	Nil	2.1
NMW Computers	4	May 29	2.5*	4	2.5*
M. F. North	0.68	June 11	0.68	0.8	0.8
Taylor Woodrow	13.16	July 1	10.16	16.31	16.31¶

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM Stock. § For 18 months including 3.3p second interim. ¶ Includes special 3p payment.

Lloyds' chief on Argentine risks

THE possible risks to which Lloyds Bank is exposed through its banking ventures in Argentina would be well within the Bank's prudential caapcity, Sir Jeremy Morse, the chairman, told the annual general meeting yesterday.

Lloyds has been involved in Argentina for more than 100 years, and it emlpoys some 2,000 staff in 38 branches. Sir Jeremy said Lloyds was very deeply concerned over the affair and like everyone else hoped it could be resolved as quickly as possible.

A lot was at stake in reaching a settlement of the Falklands' issue he said, particularly at a time when the economic indicators suggested the recession was bottoming out. A speedy resolution, if it could be *achieved, would be helpful in* allowing the British economy to take a turn for the better.

In his statement to shareholders, Sir Jeremy concentrated on three issues; the taxation of bank profits and leasing arrangements reviewed in the Budget, international bank lending, particularly to Poland and, thirdly, the Argentina situation.

Two shareholders questioned him about the Lloyds' involvement with Chile and Argentina, both governed by military dictatorships. Sir Jeremy said the bank had to take a long-term view of its business and although *it was not unmindful of non*-commercial considerations, the main criteria for lending were very much commercial.

Lloyds had a direct presence in 46 countries, he said, and made loans to a total of 120 countries. Sir Jeremy said the Polish situation had cast a shadow over toher East European economies, although their position was not the same.

The need for both governments and banks was to avoid *laxity on the one hand, but also* on the other hand to avoid aggressive political action or an excessive withdrawal of facilities. It was in everyone's interests to help the debtor countries through to repayment.

Lloyds would be prepared to pay its proper rate of tax, but *it would not be prepared to be* singled out for special taxation, Sir Jeremy said. He was one of the leading critics of the Government's special bank profits *tax last year. Lloyds* made a £385.6m pre-tax profit in the year ending December 31 1981.

The AGM approved a special resolution giving power to the board to alocate 72m unissued shares, of which 26m were already earmarked for conver*sion of loan stock and* for the staff share option scheme.

Aberthaw rises to £3.19m

INCREASED SECOND half taxable profits at Aberthaw and Bristol Channel Portland Cement Company of £2.2m, compared with £1.19m, more than made up for a decline in the first six months and it finished 1981 £626,000 ahead at £3.19m.

With stated earnings per 25p share of this cement manufacturer at 61.09p (53.37p) the final dividend is being increased from 6.5p to 7.5p making a total of 11.5p (10p).

Turnover advanced from £31.13m to £32.88m. Pre-tax profits included deferred grants released of £169,000 (£194,000) and were struck after depreciation of £1m (£882,000) and interest charges of £718,000 (£912,000).

Dowding & Mills improves

RECOVERING from the recession, Birmingham-based electrical and mechanical engineer, *Dowding and Mills, showed* a 21.5 per cent rise in pre-tax profits from £652,332 to £792,474 for the six months to December 31 1981.

The directors say there has been a small improvement in the level of activity since January, which enables them to predict full year profits ahead of last year's £1.33m.

The net interim dividend has been lifted from 0.7p to 0.78p. In the last full year a total of 1.65p was paid.

Sales for the 12 months were marginally lower at £8.23m (£8.35m).

Mr Peter Hollings, chairman, has announced that the group will be opening new premises at Hemel Hempstead, north-west of London, by July, and that it is buying a small electrical repair business at Poole, Dorset.

Forward Technology £691,000 in the red

IN 1981, Forward Technology Industries incurred taxable losses of £691,000 compared with restated profits of £1.72m for 1980. *In the previous accounting* period, covering the 18 months to the end of 1980, the actual pre-tax surplus was £2.91m. Turnover fell from a re-stated £44.3m to £41.91m.

However, Mr Gordon S. Allen, chairman, says that barring unforseen circumstances, the direc*tors expect a return to profitable* trading during the first half of the current year and view the second half with confidence.

With losses per 25p share of this manufacturer of electronics, specialised machinery and plastic-based products, stated at 6.4p (6.2p earnings for 1980, 10.8p earnings *for the previous* 18 months) the final dividend is being cut to 0.7p net (2.3p) making a total of 3p (5.6p and 7.9p for the 18-month period).

A breakdown of sales and trading profits (with re-stated comparatives for 1980) shows: electronics and special purpose *machinery £21.46m (£21.12m) and* £1.08m (£2.37m); graphic arts £8.33m (£10.07m) and £466,000 losses (£171,000 profits); plastics £4.26m (£6.34m) and £238,000 losses (£57,000 profits); and sound reproduction £7.86m (£6.77m) and £677,000 (£576,000).

Mr Allen says it was a year of radical cutbacks in the group's UK businesses together with limited overseas expansion from the acquisition of Colortran's substantially overseas operations for the last quarter of the year.

High inflation, low demand and high interest rates created a climate where substantial redundancies, *factory closures* and reorganisations were the main tasks for management throughout the year, he says. The cost of these reorganisations amounted to £1.3m after limited tax relief.

The directors are confident that the group's manpower levels are appropriate to current volumes. They do not plan any major reorganisations for 1982, and the adverse on liquidity and gearing has therefore been halted, *Mr Allen* says.

Electronics and sound reproduction activities are expected to continue to be profitable, but the plastics activity *is still* running at a volume slightly below profitability, so major efforts are being made to obtain the additional profitable orders.

Eighty-five per cent owned Colortron Inc. has entered into a conditional contract for the sale and lease-back of its freehold factory in *Burbank, California*. After deduction of all expenses, the proceeds are expected to be some $2.9m (£1.65m).

The lease-back is for 10 years at an intial yearly rental of $350,000 (£217,000), with fixed annual increases.

Taxable losses were struck after central overheads of £386,000 (£343,000; all comparatives restated for 1980) and *interest charges of* £1.36m (£1.11m). Tax took £380,000 (£628,000) and after minority interests of £12,000 (£113,000) and extraordinary debits of £1.36m (£522,000) the attributable losses emerged at £2.44m (£456,000 profits). Dividends absorb £249,000 (£431,000).

● comment

The shares in Forward Tech*nology took heart from the pre*liminary announcement, springing from their 25p par value to 38p, 101p below their 1981-82 high. The company is very heavily geared—group trading profit covered less than half the interest charge for 1981—and two of its four divisions (plastics and graphics) have been trading at a loss. The 13p of good news was presumably contained in the statement that staff cuts and other reorganisation measures *have now been completed* and profitable trading is expected in the current half. Plastics has been more or less sorted out, and graphics cut down to a much *less significant scale*, though still loss-making. Electronics and sound equipment have remained profitable, and are considered the basis of Forward's business. Much-needed cash is being wrung from property—mainly via the sale and leaseback of a factory in California: other assets which *Forward would like to sell may* prove less easy to liquefy. After a token final the historic yield is 11½ per cent.

M. F. North's plunge

A SUBSTANTIAL fall from £454,761 to £84,369 in pre-tax profits is reported by M. F. North, hotel proprietor, for 1981. *There was a loss at halfway of* £112,600 compared with profits of £16,400. At the time of the interim figures, the chairman said the results reflected a drop in demand in hotel accommodation. He said there was little sign of improvement in the near future.

Turnover was down from £4.17m to £3.71m, and trading *profits were* lower at £114,142 (£419,259). Interest took £29,773 (£35,502 receivable), and there was a tax charge of £55,620 compared with £116,418, leaving £28,749 (£338,343). An extraordinary credit of £96,214 (£6,329 debit) boosted the net profit figure to £124,963 (£332,014).

The final dividend is unchanged at 0.675p net for a same-again total of 0.8p. Dividends absorb £221,000 (same), leaving a deficit of £192,251 (£105,343 surplus)

In deciding to recommend an unchanged dividend, the directors have regard to the improved prospects for 1982, and the sub*stantial revenue reserves*

Stated earnings per 10p share were 0.03p (1.27p). On a CCA basis, there was a pre-tax loss of £69,631 (£311,761 profit), and a loss of 0.58p (0.7p earnings) per share.

Baldwin dispute with parent

A ROW broke out yesterday between the board and minority shareholders of Nottinghamshire concrete and clay products manufacturer H. J. Baldwin and Co., and its parent company, Hartley Baird.

The row erupted at a meeting to consider the group's annual report for the year ended April 30 1981. *The meeting had been* delayed because of a dispute over directorship of the company.

Hartley Baird has claimed that at a Baldwin board meeting in *April last year it had been able* to co-opt three of its nominees on to the board. This meeting was later ruled invalid because one Baldwin director had not been given prior notice.

A dispute arose which continued until the three "directors" resigned in November last year. The row delayed preparation of the accounts.

At yesterday's meeting Hartley Baird, which controls 63.3 per cent of Baldwin shares, used its voting strength against acceptance of the annual accounts which was overwhelming accepted on a show of hands of minority shareholders attending the meeting. A poll was demanded by Mr Robin Potts, representing Hartley Baird.

Hartley Baird also proposed two special resolutions calling for the retirement of Baldwin's directors by rotation and that the share value they must have to hold office be increased from £100 to £1,500. The other called for the election of four new Hartley Baird nominated directors.

Both resolutions were carried by proxy votes, but defeated on a show of hands and Mr Potts called for a poll in both instances.

Baldwin director Mr C. D. Mee said the resolutions "are part of the campaign of vilification and war of attrition being waged on Baldwins by Hartley Baird."

The four new directors proposed by Hartley Baird were Miss K. H. Parkes, Hartley Baird's company secretary who was said to have "stirred up resentment" among Baldwin's staff on a visit there last year; Mr D. Landau, a former Baldwin's chairman who resigned after failing to carry a vote of confidence in himself; Mr J. Stone and Mr H. Parkes (no relation).

Only Mr Stone attended the meeting and braved hostile questioning from shareholders demanding to know his past history. He claimed to have wide experience of selling and marketing in the building industry.

The Baldwin board proposed the resolution calling for the immediate re-election of company chairman Mr R. Rodwell. His retirement may be brought *about by the Hartley Baird* resolution calling for the retirement of directors by rotation.

Mr Rodwell did not attend the meeting and Mr Potts said that Hartley Baird would only use its vote to support his re-election if three of the current board members resigned.

Mr Potts said that Hartley Baird had no representation on the Baldwin board.

MINING NEWS

BIDS AND DEALS

Borax revenue cushions fall in RTZ earnings

BY KENNETH MARSTON, MINING EDITOR

THANKS TO the strong performance of the U.S. RTZ Borax, the UK-based international Rio Tinto-Zinc Corporation international mining and industrial group has weathered 1981 reasonably well.

In line with the official forecast made in February this year, net attributable profits for 1981 come out at £102.3m, or 40.42p per share, against £155.4m in 1980 and the dividend total is maintained at 16p with a final now declared of 10.5p.

	1981 £m	1980 £m
Sales revenue	3,020.7	2,785.8
Operating profit	349.9	477.3
Share of assoc. cos.	30.5	49.3
Div. and int. receivable	74 8	55.8
Interest payable	107.1	75.4
Profit before tax	348.1	507.0
Tax	174.5	216.7
Profit after tax	173.6	290.3
Outside holders	71.3	134.9
Attrib. before extraordinary items	102 3	155 4
Earnings per share	40.42p	61.56p
Extraordinary items	83.9	11.1
Profit after extraord. items	186.2	166.5
Dividends:		
Preference	0.4	0.4
Interim 5 5p (5 5p)	13.5	13.4
Final 10.5p (10.5p)	25.8	25.7
Retained	146.5	127.0

In addition, there is an extraordinary profit of £83.9m, reflecting net exchange gains on prior years' profits retained in overseas subsidiaries and associates.

The record earnings of Borax went some way towards offsetting the sharp decline in profits from the Australian CRA and from RTZ's various copper operations. Borax contributed about half the group's attributable profits. But because of the depressed metal price copper, which used to be a major earner, contributed less than uranium, coal and almuinium.

While copper prices, in real terms, are at their lowest since the 1950s, at least RTZ can claim that it is still making a profit from the metal, which is more than most other copper producers can say. It is worth bearing in mind that a rise of about £10 per tonne in the copper price equals a rise of *some £1m in RTZ's earnings.*

Rossing Uranium's contribution of some £21.4m was little changed from 1980 as were those of the other activities which include RTZ Industries with a profit of £21.6m. But the UK aluminium operations went into the red. Group sales revenue rose to £3.02bn, the improvement being entirely a reflection of the fall in the value of sterling.

RTZ has now acquired 97 per cent of Thomas W. Ward and 92 per cent of Tunnel Holdings. The RTZ chairman, Sir Anthony Tuke, said yesterday that these acquisitions represented the end of the group's territorial ambitions in the UK cement industry for the moment.

As far as the current year is concerned, he thought it unreasonable to expect Borax—its product has a wide range of uses from detergents to fire retardants—to repeat last year's strong performance and that the group's overall prospects would depend on improved metal prices and a reduction in interest rates. *He saw grounds for still hoping that an economic upturn would materialise in the latter part of this year.*

See Lex

Hemerdon option deal agreed

Bermuda-registered Hemerdon Mining and Smelting can expect, in due course, a cash distribution of the net proceeds of the company's proposed sale for $15m (£8.53m) of its half share in the Hemerdon Ball tungsten and tin project in Devon to the Royal Dutch Shell group's Billiton (UK).

Announcing the formal completion of the agreement under which Billiton is to take an option on Hamerdon's stake in the project, the Hemerdon Mining chairman, Mr Carl "Bud" Schwarzwalder, pointed out that the major condition to be met before Billiton exercises its option will be the granting of planning consent for the proposed mine at Hemerdon Ball.

It is possible that the necessary permission could be granted during the first half of next year. However a "substantial" period could elapse before the option is exercised and the subsequent distribution made to Hemerdon Mining shareholders.

It is thought that, if all goes well, the repayment could be made around 1984-85. However, the $15m involved is subject to inflation-proofing in line with the U.S. consumer price index and the actual amount to be paid will thus depend on U.S. inflation rates.

Various charges will have to be met by Hemerdon Mining but the bulk of the $15m basic payment will be distributable. At current exchange rates this equals about 155p per share compared with the present market price of around 55p.

Meanwhile the Hemerdon Ball project, in which the other partner is America's Amax is still not expected to reach the production stage until before about 1985 or 1986. By that time it is hoped that the tungsten market will have recovered for the venture which is likely to exceed its previously reported cost of £44m.

LONDON TRADED OPTIONS

April 16, Total Contracts 1154 Calls 815 Puts 339

Option	Ex'rcise price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP (c)	280	11	—	26	3	32	2	284p
BP (c)	300	4	1	14	—	20	—	"
BP (p)	330	48	2	48	—	54	—	"
CU (c)	130	7	—	14	2	18	—	134p
CU (c)	140	2	—	9	90	14	—	"
Cons. Gld (c)	390	12	2	28	—	45	—	394p
Cons. Gld (c)	420	5	5	16	—	23	—	"
Cons. Gld (p)	390	14	—	27	3	35	—	"
Ctlds. (c)	50	35	10	39	—	—	—	85p
Ctlds. (c)	70	15	—	20	5	22	—	"
Ctlds. (c)	80	$6\frac{1}{2}$	30	12	—	15	—	"
GEC (c)	800	12	—	42	5	65	—	792p
GEC (c)	850	2	4	18	—	57	—	"
GEC (p)	750	2	44	14	—	—	—	"
GEC (p)	800	15	15	30	1	45	—	"
GEC (p)	850	60	28	70	—	77	4	"
Gr'd Met. (c)	160	41	2	48	—	—	—	199p
Gr'd Met. (c)	180	22	2	31	—	36	2	"
Gr'd Met. (c)	200	5	17	16	10	22	2	"
Gr'd Met. (p)	200	7	16	14	17	20	—	"
Gr'd Met. (p)	220	22	10	35	9	39	1	"
ICI (c)	300	16	—	28	5	40	1	310p
ICI (c)	330	4	45	14	—	24	—	"
ICI (c)	360	1	—	7	20	14	—	"
ICI (p)	300	5	11	11	3	16	—	"
ICI (p)	330	20	77	26	5	30	—	"
Land Sec. (c)	280	5	—	19	13	27	—	272p
Land Sec. (c)	300	1	2	11	10	18	12	"
Mks & Sp. (c)	130	18	—	20	2	28	3	144p
Mks & Sp. (c)	140	8	—	14	6	20	—	"
Mks & Sp. (c)	160	2	—	6	2	10	2	"
Shell (c)	360	26	—	38	2	48	—	382p
Shell (c)	390	8	45	22	55	32	—	"
Shell (c)	420	3	—	10	1	—	—	"
Shell (p)	360	3	—	14	4	22	—	"
Shell (p)	390	16	—	24	22	32	9	"
		May		August		November		
Barclays (c)	500	9	—	7	5	17	—	438p
Imperial (c)	70	$24\frac{1}{2}$	—	27	4	—	—	93p
Imperial (c)	80	$14\frac{1}{2}$	15	18	127	$19\frac{1}{2}$	—	"
Imperial (c)	90	6	25	12	31	$13\frac{1}{2}$	—	"
Imperial (c)	100	2	38	$6\frac{1}{2}$	88	8	9	"
Imperial (p)	90	$2\frac{1}{2}$	—	4	30	6	—	"
Lasmo (c)	300	32	5	42	2	55	—	322p
Lasmo (c)	330	17	1	30	—	44	—	"
Lonrho (p)	80	10	—	11	6	12	—	70p
P & O (c)	120	11	1	17	—	23	—	126p
Racal (c)	420	2	—	10	6	—	—	373p
Racal (p)	360	10	12	17	—	23	—	"
Racal (p)	390	22	—	32	—	35	10	"
RTZ (c)	420	18	30	30	1	42	—	419p
RTZ (c)	460	6	1	17	—	27	—	"
RTZ (p)	460	45	9	50	—	55	—	"
Vaal Rfs. (c)	45	$5\frac{1}{2}$	—	7	2	$7\frac{1}{2}$	—	549
Vaal Rfs. (c)	50	$2\frac{3}{4}$	3	$3\frac{3}{4}$	—	$4\frac{3}{4}$	—	"
Vaal Rfs. (c)	55	1	—	$1\frac{3}{4}$	9	$2\frac{1}{4}$	—	"

C=Call P=Put

TCL to open big colliery

SOUTH AFRICA'S Transvaal Consolidated Land and Exploration is to establish a R352m (£190m) underground coal mine to the south of Amersfoort in the south-eastern Transvaal. It will have a full annual production capacity of about 11m tonnes in 1994.

This follows the granting to TCL of a contract to supply coal to a new 3600 megawatt power station to be constructed by the South African electricity supply commission. First deliveries of coal to the station are scheduled for 1988.

Lonrho defends plan to increase borrowings

Lonrho, the multi-national trading company, whose plan to increase its borrowing limits to £1.5bn has been attacked by one of its largest shareholders, yesterday defended its decision in a circular to shareholders.

Lonrho says the increased borrowing limit is "wholly appropriate for a large modern international trading group and is necessary to allow for future expansion of existing opportunities and development of new business."

Gulf Fisheries, the Kuwaiti-controlled investment group which owns about 15 per cent of Lonrho shares, said at the Lonrho annual meeting that it intended voting against the increase. The poll to decide will be held on April 30.

The circular says that a significant part of the group's activities is trading which entails holding substantial stocks for resale financed by acceptance credits or other short term borrowings.

VAG (United Kingdom), which imports and distributes Volkswagen and Audi motor cars in the UK for example could find its requirement for short term financing increasing dramatically as a result of minor growth in overall market share and cost inflation.

Lonrho says it is vitally important for it to be able to operate in international trading and become capable of rivalling the world's largest trading houses.

It says its acquisition in 1981 of a 50 per cent shareholding in Kuhne and Nagel, cargo, warehousing and forwarding business, gives an opportunity for expansion.

The circular argues that it is important "that its ability to operate in this area and cater for the expansion which arises through the new connections is not impaired by a borrowing limit which is likely soon to become restrictive."

The diversification of the group's activities outside Africa over the four years since September 1977 has been principally by acquisitions the group says. The benefit arising from such diversification has not been reflected in the accounts in such a short period.

The board "is confident that the new acquisitions will be of great benefit to the group in the long term."

See Lex

Blue Circle moves into the U.S.

Blue Circle Industries, the UK's largest cement manufacturer, has acquired through its wholly-owned subsidiary Armitage Shanks-Kilgore, a Texas-based ceramic sanitaryware company. Kilgore Ceramics Corporation. The deal is BCI's first move to set up operations in the United States.

Armitage Shanks has offered $106.50 per share for Kilgore's entire issued capital and so far has received acceptances from holders of more than 80 per cent of the stock. The total cost of the purchase of all the equity would be about $12.5m (£7.06m at current rates of exchange), payable in cash. Kilgore Ceramics is a privately-owned company.

The Kilgore Ceramics Corporation operates a plant with about a third of the total Armitage Shanks' UK ceramic production. Kilgore's turnover in the year ended December 31 1981 was approximately $20m with pre-tax profits of $2.2m. Armitage Shanks says it intends to run the plant under existing management.

It believes that its acquisition is strategically placed to serve the housing markets in the sunbelt states. Armitage Shanks has recently expanded its South African plant at Olifantsfontein, near Johannesburg and says it is looking at further opportunities to expand activities in other areas of the world where it is not already established.

Aberdeen Land acquiring General Trust & Heritage

The City Aberdeen Land Association (CALA) is making a recommended offer to acquire General Trust and Heritage (GTH) for about £361,000 in cash with a share alternative. Terms are: for each GTH ordinary, £14 cash; for each deferred, £3 each; for preference, £2.10 cash. Alternatively, shareholders who accept all, or any one of the offers, by May 17 may elect to receive ordinary shares in CALA valued at 485p per share. The cash will be made available from the bidder's existing banking facilities.

Irrevocable undertakings have been received from certain shareholders and all the directors of GTH to accept the offers in respect of 6,283 ordinary, 32,750 deferred shares and 7,976 preference shares—approxifately 51.16 per cent of the voting rights.

Pre-tax progts of GTH for the year to May 28 1981 totalled £24,182. Shareholders' capital and reserves at the date were £190,301. A property valuation in Janupary indicated a surplus over book value of £221,384.

SHARE STAKES

Muirhead — Sir Raymond Brown, director, purchased 100,000 ordinary shares on April 8 at 118p, making holding 564,375 (6.7 per cent).

S. W. Farmer Group—Brian D. Farmer, chairman, has sold 25,000 ordinary shares.

London Shop Property Trust—Rosehaugh acquired 321,777 ordinary shares on April 6 and is interested in 3,036,231.

Merchants Trust—Following a recent purchase of ordinary stock units Standard Life Assurance holding is 3,659,000 units (7.2 per cent).

Continental and Industrial Trust—Standard Life Assurance Holding is 986,180 ordinary shares (5.8 per cent).

Dewhurst Dent—Anglo African Finance on April 8 bought 25,000 ordinary shares at 8p making holding 46.69 per cent.

British Printing and Communication—On April 6 Robert Maxwell, chairman, purchased 110,000 shares.

Henry Ansbacher Holdings—J. M. Button, director, has purchased a further 33,500 new ordinary shares. These are in addition to his present holding of 35,000 ordinary and the 31,500 new ordinary allotted to him under the rights issue.

Gill and Duffus Group—M. D. Martin, director, has sold 20,646 ordinary units at 138p. Total interest as amended is beneficial 328,812 and non-beneficial 133,238 shares.

Oil & Gas income above projection

Net income of Guernsey-based Oil and Gas Production, launched on January 8 1981, amounted to US$1.82m (£1.04m at current rates) for the period from that date to December 31 1981, and compares with a projection of $1.33m.

Earnings per fully paid share are shown as 7.87 cents, against 0.787 cents per partly paid share, and gross dividends total 7.5 cents fully paid (0.75 cents partly paid) with a 4.5 cents (0.45 cents) final, payable May 17.

The directors say they will continue to seek to balance the company's investment portfolio and it remains their policy to acquire oil producing, as well as gas producing, properties.

Oil and Gas currently has interests in 325 natural gas wells with attributable reserves of 22,752,000 MCF at a book value of $16.6m.

After payment of the final dividend, the company will have some $5m available for further acquisitions of producing properties, directors state.

For the period to December 31 last, income from property investment was $567,000, net interest receivable amounted to $1.48m, general overheads came to $216,000 leaving a pre-tax income of $1.83m. After dividends the retained balance was $85,000.

MOLINS (tobacco and packaging machinery)—Results for 1981 with prospects reported April 1. Ordinary shareholders' funds £69.8m (£64.72m). Loans £11.27m (£10.11m). Net current assets £47.29m (£44.56m), including cash, less short term borrowings, £3.1m (£0.23m). Fixed assets £34.89m (£33.02m). Capital commitments £4.77m (£1.47m). BAT Industries holds 29.99 per cent of equity. Meeting, The Plaisterers Hall, EC, May 4, 12.15 pm.

CANADIAN AND FOREIGN INVESTMENT TRUST—At March 31 1982, net asset value per ordinary share, 193 6p after prior charges at par, and 197.4p after charges at market value.

DANAE INVESTMENT TRUST—Net asset value per income share as at March 31, 1982, was 35.51p.

Mothercare ties cut by Zilkha

MR SELIM ZILKHA has cut almost all his ties with the Mothercare retailing group after the merger earlier this year with Habitat. He has realised just over £9m in the process and has achieved a better price than other members of his family and the family foundations which sold out in mid-January.

Stockbrokers L. Messel placed Mr Zilkha's entire holding of 3.6m ordinary shares at 131½p per share and all but £1.5m of his £5.7m stake in the 9½ per cent convertible loan stock.

Earlier this year, Mr Zilkha's brother, Ezra, and the family foundation, sold a block of 1.78m shares with about 20 institutions at 112p per share and £2.7m nominal of loan stock at 87p.

Mr Selim Zilkha, who is now resident in the U.S., has had to wait until Habitat's interim results were published at the end of last month before selling his residual equity holding. Habitat Mothercare has seen its shares recover from depressed levels at the beginning of the year. The shares coming out from the investing institutions, which underwrote Habitat's equity offer for Mothercare at 125p per share, seem to have been absorbed comfortably.

The shares closed at 134p, down 2p yesterday and the brokers are understood to have completed the placing with some ease.

BROKERS MERGE N.Z. INTERESTS

Stewart Wrightson and Jardine Matheson Insurance Brokers (International) have agreed to merge their insurance broking operations in New Zealand. A new company, to be named Jardine Wrightson N.Z., will be formed in which Stewart Wrightson and Jardines each will have a 50 per cent interest.

This company will be the second largest insurance broker in New Zealand with 1982 brokerage estimated at NZ$3m (approximately £1.3m).

While Stewart Wrightson and Jardines see significant advantages in combining their organisations in New Zealand, they do not anticipate that it will lead to any other joint venture elsewhere.

EUROPEAN OPTIONS EXCHANGE

Series		May Vol.	May Last	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Stock
GOLD C	$325	7	45	8	56	—	—	$363.75
GOLD C	$350	16	22	1	43	—	—	"
GOLD C	$375	26	11 B	37	27.50	4	43 A	"
GOLD C	$400	76	6.40 A	61	18	12	28	"
GOLD C	$425	5	2.50 A	50	18.50	—	—	"
GOLD C	$450	18	1.40	—	—	—	—	"
GOLD P	$325	10	5 A	23	10	2	13 A	"
GOLD P	$350	2	15	23	18.50	8	20	"
GOLD P	$375	1	20	3	27	1	32	"
GOLD P	$400	—	—	5	36.10	—	—	"
$12\frac{3}{4}$ NL 81 87-91								
C	F.107.50	—	—	25	5.30 A	—	—	F.112.80
C	F.110	—	—	162	3	—	—	"
P	F.112.05	10	1	—	—	2	2.10 A	"
$10\frac{3}{4}$ NL 87 86-88								
C	F.100	3	5.30	—	—	—	—	F.105.50
$10\frac{3}{4}$ NL 80 86-95								
C	F.97.50	—	—	10	5.60	—	—	F.103.10
C	F.100	5	3.30	75	3.70	—	—	"
C	F.102.50	—	—	200	1.10	—	—	"
C	F.105	—	—	—	—	100	1	"
$11\frac{1}{4}$ NL 82 88-92								
C	F.102.50	95	1.60	55	2.20	—	—	F.103.80
C	F.107.50	—	—	—	—	5	0.80	"
P	F.102.50	—	—	—	—	30	1	"
		April		July		Oct.		
ABN C	F.280	34	12	—	—	—	—	F.292
AKZO C	F.25	43	4.80	—	—	—	—	F.29.60
AKZO C	F.27.50	125	2.30	20	2.90	—	—	"
AKZO C	F.30	69	0.20	310	1.30	58	2	"
AKZO C	F.32.50	—	—	100	0.70	116	1.20	"
AKZO P	F.27.50	—	—	84	0.70	—	—	"
AKZO P	F.30	—	—	71	2.20	—	—	"
AKZO P	F.32.50	—	—	—	—	30	4.30	"
KODA C	$70	50	$3\frac{7}{8}$	50	$6\frac{1}{8}$	—	—	"
HEIN C	F.50	50	5	—	—	—	—	F.54.50
HEIN C	F.55	51	0.10	—	—	30	2.50	"
HEIN P	F.50	—	—	—	—	30	1.60	"
HOOG C	F.15	44	2.60	—	—	—	—	F.17.30
HOOG C	F.17.50	—	—	—	—	40	1.80	"
IBM C	$50	20	$13\frac{3}{4}$	—	—	—	—	$63\frac{7}{8}$
IBM C	$55	40	9	—	—	—	—	"
IBM C	$60	66	4	—	—	—	—	"
IBM C	$65	—	—	—	—	40	$3\frac{1}{8}$	"
IBM P	$60	—	—	—	—	40	$1\frac{5}{8}$	"
KLM C	F.100	102	6.80	—	—	—	—	F.106.50
KLM C	F.110	78	0.10	93	6.80	—	—	"
KLM C	F.120	—	—	168	3.90	—	—	"
KLM P	F.100	41	0.10	125	3.70	—	—	"
KLM P	F.110	190	3.20	17	7.60	—	—	"
KLM P	F.120	20	.14	—	—	—	—	"
NEDL C	F.120	—	—	102	6.20	—	—	F.123
NEDL C	F.130	—	—	259	2.30	—	—	"
NEDL C	F.140	—	—	115	1.40	—	—	"
NEDL P	F.120	42	0.40	—	—	—	—	"
NEDL P	F.130	36	6 B	18	17	—	—	"
NATN C	F.110	17	2.20 B	—	—	—	—	F.111.30
NATN P	F.110	20	0.30	—	—	—	—	"
PHIL C	F.20	96	4.80	44	5	—	—	F.24.80
PHIL C	F.22.50	537	2.30	82	2.40	233	3.10	"
PHIL C	F.25	799	0.10	240	1	107	1.60 A	"
PHIL P	F.22.50	—	—	—	—	37	0.80	"
PHIL P	F.25	22	0.40	36	1.40	—	—	"
RD C	F.80	285	10.30	38	10.40 B	—	—	F.90.10
RD C	F.90	365	0.40	113	2.90	183	4	"
RD C	F.100	—	—	22	0.90	—	—	"
RD P	F.80	—	—	46	1.30	—	—	"
RD P	F.90	36	0.50	44	5.70	—	—	"
UNIL C	F.150	33	4.60	—	—	—	—	F.154.80
UNIL C	F.160	26	5.50	—	—	—	—	"

TOTAL VOLUME IN CONTRACTS: 7,961

A=Asked B=Bid C=Call P=Put

Wm. Morrison sharply higher

SHARPLY HIGHER pre-tax profits of £7.55m, compared with £5.97m, are reported by Wm. Morrison Supermarkets for the 12 months ended January 30, 1982. Sales rose from £171.21m to £198.52m, excluding VAT.

Full-year tax took much more at £2.96m (£716,000) leaving the net figure 12.6 per cent down at £4.6m (£5.26m). However, despite stated earnings per 10p share dipping from 11.39p to 9.96p the net total dividend is being effectively increased from 1.25p to 1.4p by a final of 1p.

The pre-tax profit was after depreciation of £1.97m (£1.81m) but included rent receivable of £371,000 (£337,000) and interest and investment income of £336,000 (£483,000 debit).

The distribution under the group's profits sharing scheme rose from £314,300 to £397,600.

Current cost adjustments reduce the pre-tax surplus to £7.47m (£5.59m) and on the same basis per share were 9.77p (10.57p).

• comment

Wm. Morrison's 26 per cent rise in pre-tax profits means a compound growth rate of 28 per cent over the last seven years. Last year the growth was mostly in the first half, with a volume increase of only 1 per cent in the second. The basic reason was simply that customers were "running out of brass," particularly for discretionary spending. Costs were kept well in hand, aided by the company's extensive use of freehold property. The £819,000 turnround in investment income was a help but planned store openings might make this a transient pleasure. The more than quadrupled tax bill was a result of the change in rules for stock appreciation, and Morrison reckons that a 40 per cent tax rate will now be the norm. At 156p, down 6p, the shares yield a parsimonious 1½ per cent. The p/e is about 20, perhaps a little demanding in view of current difficulties in obtaining volume growth.

General Scott. moves ahead

For the year ended March 31 1982 net revenue available for General Scottish Trust moved up from £602,288 to £631,502. The dividend is increased to 3.1p (2.9p) per share with a final of 2.1p, from stated fully diluted earnings of 3.213p (3.064p).

Gross revenue came to £1.22m (£1.17m). Interest payable took £151,318 (£120,173) and tax £330,849 (£344,655).

At the year end net asset value per share was 81.3p (82.8p) xd, and after deducting prior charges at market value.

Feb Intl. profit upsurge

HIGHER PROFITS and dividend are announced by Feb International for the year 1981. From sales over £2m ahead at £16.43m the profit before tax has risen from £772,000 to £909,000. A final dividend of 1.5p effectively lifts the total to 2.25p, against 2p.

The directors report that the opening weeks of the current year were affected by the severe weather, but they expect 1982 to be another successful year at home and overseas. The group makes chemicals and acts as retail distributor of building materials.

The profit for 1981 was struck after interest, £226,000 (£222,000), and depreciation of £279,000 (£228,000). Earnings are shown at 7.03p, against a restated 1.49p, or 6.35p excluding stock relief.

Net tangible assets are equal to 44.05p per share, compared with a restated 39.27p.

The CCA pre-tax profit is £709,000 (£640,000).

Weather and recession pose problems for CES

THE ADVERSE weather conditions during the all-important Christmas period, affected results of Combined English Stores Group, which includes Salisbury's Handbags, Collingwood the County Jewellers, Harry Fentons and Mercado. Pre-tax profits for the 52 weeks to January 30 1982 were down from £3.21m to £2.68m, but the total dividend is maintained at 3.15p with an unchanged final of 1.66p.

Apart from the bad weather in December, the directors say the economic recession made trading conditions very difficult throughout the financial year. The recession is continuing to make trading conditions difficult for most of the companies in the group, but the directors are confident that the positive action that has been taken to eliminate loss-making activities and improve efficiency will, in due course, lead to a substantial improvement in profitability.

The financial position of the group is strong and the board is confident that it will be able to take full advantage of the opportunities for further profitable expansion.

Eurocamp Travel, which was acquired in November, earned pre-tax profits of £840,000 (£603,000) in the year to December 31 1981, but all the summer season's profits have been treated as pre-acquisition. Expenses and all interest costs of the acquisition from the date of acquisition to January 30 1982, amounting to £197,000, have been charged against the group's pre-tax profits for the year.

The directors say that a revaluation of properties at the year end made by surveyors in the group's employment, has shown a surplus over book value of £6.75m.

Sales for the year were down from £106.96m to £96.67m. Associates profits were up from £131,000 to £338,000. There was a tax charge of £783,000 against a credit of £311,000. After minority interests of £119,000 (£113,000) and extraordinary debits of £1.78m (same), attributable profits were just £3,000 (£2.23m). Dividends absorb £1.55m (£1.54m), resulting in £1.51m being transferred from reserves. In the previous year £679,000 was transferred to reserves.

Stated earnings per 12.5p share were down from 7p to 3.62p.

• comment

Last April, CES predicted a dramatic recovery for 1981 and everything was on target until disaster struck: Christmas. The heavy snows of the last yuletide season, the company says, wiped £1m off expected pre-tax profits in just two and a half weeks. This seasonal catastrophe means that for the second year running, the bulk of the company's profits have been provided by property deals and not the rag trade business. Still, loss-makers have been eliminated and the group's new travel business should provide £1m in the current year. Assuming a similar level of property trading in 1982, the group is once again on target for £4m pre-tax. The maintained, uncovered, dividend gives the shares (up 1p) at 36p, a yield of around 13 per cent which seems to full discount another snowy Christmas. A property revaluation provides the shares with a net asset backing of nearly 60p.

T. Harrison improves to £2.88m

TAXABLE PROFITS of T. C. Harrison improved from £2.49m to £2.86m for 1981 and with stated earnings per 25p share edging ahead to 13.03p, against 12.66p, the dividend for the year is being stepped up from 2.95p to 3.1p by an increased final of 2.18p.

Full year turnover of this Ford main dealer slipped from £73.83m to £72.52m. Tax took £923,000 (£589,000).

Looking to 1982 the directors say profits for the first two months were lower than the corresponding period last year, due in part to the inclement weather. However, they add that March saw a considerable improvement and there are encouraging signs in all divisions.

Hire purchase profits "will be significantly less than for 1981" but the leasing subsidiary is increasing the number of units out on lease and its profits will be "higher in the current year."

Beauford ends £0.3m higher

A continuing improvement in profits at the Beauford Group is expected in the current year say the directors. Pre-tax profits of this heavy machine tool manufacturer rose sharply from £37,000 to £356,000 for 1981.

The dividend is being raised from 0.7p to 2.1p net with a restored final of 1.4p Earnings per 10p share are given as 6.8p (9.5p loss).

Turnover improved from £5.82m to £5.46m.

The state of the group's order book "is good in the light of the present situation."

Pre-tax profits were struck after exceptional debits of £47,000 (nil). There was a tax charge this time of £135,000 against a previous credit of £248,000. There was an extraordinary debit last time of £594,000.

On a current cost basis pre-tax profits were £155,000 (losses £245,000).

Hewden-Stuart £1.2m in the red

A RETURN to profitable trading is predicted by the directors of Hewden-Stuart Plant, plant hirer, for the next six months. The group showed a taxable deficit of £1.21m for the year to January 31 1982, compared with a surplus of £3.11m last time.

In the second half pre-tax losses amounted to £1.34m, against profits of £360,000. At the interim stage the directors warned that prospects for the winter months were "depressing."

They report now that the unexpected severity of the winter played havoc with trading and brought some of the group's activities to a complete standstill.

Although profits are predicted for the first half of the current year the directors say it will be sometime before margins are restored to a reasonable level.

They say that the recession has bottomed out and add that the work-load of customers is stabilising and inroads have been made into the substantial surplus of equipment held by the hire industry which was responsible for the collapse of the rate structure.

The final dividend is being held at 0.8p which repeats the net total at 1.275p.

Turnover fell by £15m to £81m, the decrease being accelerated by the conscious decision not to pursue volume in the face of uneconomic pricing. Borrowings were cut from £19m to £14m, although capital expenditure exceeded £6.5m.

Pre-tax profits were struck after depreciation of £9.29m (£9.89m) and lower interest charges at £2.5m (£4.28m).

Attributable losses were £954,000 (£2.95m profit).

• comment

The gloom at Hewden-Stuart over the last year hardly ever broke. For 11 months to October, with customers' factories closing all round, every one of the group's activties reported progressively lower profits. Then the winter set in earlier and far more severe than usual. The cut in borrowing only reflects the contraction of business, not some beneficial trend. The light at the end of the tunnel came this February which was better than a year earlier and come March there was a small overall profit. The group's cautious optimism is based on the marginal rise in industrial activity, and the fact that many companies' plant has either been sold abroad or deteriorated beyond repair. But it will be a long time before hire rates reach a level that ensure ful replacement costs are met and a real profit here is possible. Yesterday the shares, which had already discounted the poor figures, were unchanged at 31p, yielding 6 per cent.

Camrex back in profit with £1m

A SWING back into profit is reported by Camrex (Holdings) for 1981. The pre-tax figure is £1.62m and this compares with a loss of £689,000 in 1980. The final dividend is 2.38p for a total of 4.02p—no payments were made in the previous year.

Turnover of this specialised coatings manufacturer, corrosion engineer and contractor was down, however, from £22.99m to £19.47m.

The directors say that trading conditions worldwide continue to be difficult, but the results for the first quarter of 1982 are better than the corresponding period in 1981.

The pre-tax figure was struck after lower interest charges of £608,000 (£957,000) and depreciation down from £548,000 to £397,000. There was an exceptional debit last time of £80,000 and associates profits of £10,000.

Tax took £349,000 (£239,000 credit), leaving £669,000 against a loss of £450,000. There was an extraordinary debit of £31,000 (£787,000). Stated earnings per 20p share were 6.97p (loss 4.73p).

BROOKE TOOL

Second half losses at Brooke Tool Engineering (Holdings) in the year to September 1981 amounted to £58,500. In yesterday's edition the figure was given as £55.5m.

Expansion at NMW Computers

A rise in net interest receivable of £48,235 to £137,475 acounted for higher 1981 taxable profits at NMW Computers of £544,933, compared with £505,220, after the trading surplus had fallen from £415,980 to £407,458.

And the year's single dividend of this unquoted company, which provides accounting services to stockbrokers, is being raised from an adjusted 2.5p net per 25p share to 4p and a one-for-three scrip is proposed. Last year there was a share split and scrip issue. Earnings per share are stated higher at 13.3p (12.6p adjusted).

Tax took £134,955 (£116,950) after a deferred tax release of £150,000 (same), leaving attributable profits of £409,978 (£388,270). Retained profits emerged at £286,368 (£311,014) after dividends absorbed £123,610 (£77,256).

Martonair profits slip to £1.81m in first half

DEMAND has remained at a comparatively low level at Martonair International, resulting in a further pressure on margins. For the half year ended January 31, 1982, turnover of this pneumatic control equipment manufacturer moved ahead to £18.55m against £17.89m, but taxable profits fell from £2.02m to £1.81m.

The previous full year's profits were behind at £4.07m (£6.1m).

The interim dividend is maintained, however, at 1.95p net per share.

On the current year the directors say that order intake during the last two months gives grounds for anticipating some improvement in the second half, and they expect to be able to recommend a final dividend of not less than last year's 5.65p.

Exchange rates were slightly more favourable, directors say, although major European currencies failed to hold the strength against sterling shown in the early part of the six months.

• comment

Martonair's approach to the problems of reduced demand has been to keep up its stocks—and its capacity to respond quickly to large orders. Initially that put the strain of adjustment on output, so that for much of last year short time working was necessary and the workforce was slimmed by about 10 per cent. Given a slight improvement in demand recently, manning levels are now such as to allow full-time operation. Orders are recovering more quickly, if anything, in the UK than in continental markets, but better orders from Germany have added to the impression that the half year to July may turn out better than the corresponding period last year. Unchanged at 227p, the shares yield 4.8 per cent. Assuming that Martonair can match the full-year total of £4.1m, the prospective fully-taxed p/e is about 15, which is still taking full account of the quick lift to profit which Martonair could experience if demand made its way back to the 1980 level.

Langham stops writing new life business

Langham Life Aussurance, a member of the E. Alec Colman Group, has stopped writing new life business and has disbanded its 100-strong sales force, pending a complete reappraisal of its future.

However, Mr Stuart Bartlett, the general manager of Langham, stated that the company was not in financial trouble and the Department of Trade confirmed that it had not issued a formal Stop Order for the company to cease writing new business.

The Department also stated that it was not its practice to discuss the financial affairs of individual life companies.

The company made its name in the 1970s catering for the life and health insurance needs of women, under the dominant personality of its then marketing director Mrs Dorothy Genn. The company tried to change its market emphasis to house mortgage related business in 1980 when it took on Mr Duncan Lawrence who had been life manager of Minster Insurance until that company ceased writing new life business in 1980.

But Mr Bartlett said that this change of marketing had not paid off in last year's dull mortgage market conditions. The company had now reached the stage when it needed to decide which way to go in the highly competitive life market. It was looking at each product individually and how it could make it more attractive and competitive.

The parent company was giving Langham all the financial backing necessary, but Mr Bartlett did not expect Langham to re-enter the market until the second half of this year.

GT. NORTHERN

Cazenove has purchased 200,000 ordinary units in Great Northern Investment Trust at 140p each for the account of RIT.

At the close of business on April 14 the estimated net asset values after deducting prior charges at market value were 180.2 per ordinary unit of Great Northern and 486.7 per ordinary share of RIT.

Bestwood dividend

Including income from investments and interest, amounting to [illegible]727 against £139,305, pre-tax profits of the Bestwood Company, investment holding concern, finished 1981 ahead at [illegible], compared with £179,428.

[illegible] earnings are 7.55p [illegible] per 15p share, after tax [illegible] (£64,444), and the [illegible] lifted to 5.5p (4.5p) net.

[illegible] pre-tax profit is £153,347 [illegible].

UK COMPANY NEWS

Lilley profits expand: £6.15m rights proposed

FURTHER expansion is expected by the directors of F. J. C. Lilley, civil engineer, after pre-tax profits moved ahead from £6.11m to £7.81m for the year to January 31 1982. They are proposing to raise £6.15m with a 1-for-5 rights issue, underwritten by Noble Grossart.

The dividend has been lifted from 5p to 5.5p with an increased final of 3.52p, a rise of 10 per cent as indicated in the interim statement. Earnings per 25p share fell from 23.77p to 21.47p.

The directors are proposing the rights issue to help the development programme which they say they have been pursuing profitably for a number of years. A rights issue in October 1980 raised £3.26m which enabled the company to become increasingly involved overseas.

The issue will be 5.32m new ordinary shares of 25p each at 120p each on a 1-for-5 basis.

Turnover moved ahead by £25.9m to £127.36m.

Pre-tax profits were struck after higher depreciation of £3.73m (£2.67m) and increased interest received of £1.22m (£491,000).

There was a charge for tax this time of £2.42m, against a previous credit of £2.99m. After minorities, attributable profits emerged lower at £5.12m, compared with £9.06m.

● comment

Lilley came to the market in 1980 seeking £3.3m for very similar reasons to those given in yesterday's cash call. This time the company has more than £3m in the balance sheet, but Lilley says it prefers to steer clear of the fickle world of interest rates and debt. So far, shareholders have little reason to complain. Since 1980, profits and turnover have both bounced up by more than 50 per cent and stated EPS has gained by about a third. Shares at the time of the 1980 rights were at 92p, while yesterday's 6p drop put them at 160p. The group has been feverishly shifting its focus of attention away from both the drab UK market and the volatile sands of the Middle East, choosing instead to till the more promising soil of the U.S. southwest. The recent American acquisitions contributed all of the turnover growth and nearly a quarter of the group's trading profits for 1981 and hold more promise for the current year. Lilley is now anxious to attack Australia and expand the property development business of MDW. Forecasts for the current year are risky business considering the pace this company is growing; but the improved dividend means that the ex-rights price gives a yield of 5.2 per cent.

per cent.

E. Anglian Water £2m tender offer

THE East Anglian Water Company is offering for sale by tender £2m or 9 per cent redeemable preference stock.

At the minimum tender price of £99, the conventional gross yield is 12.98 per cent, or 18.94 per cent for those liable to corporation tax.

The stock is redeemable at par on May 29, 1987. Applications, for the issue, which must be accompanied by deposits of £10 per £100 nominal amount of stock sought, must be received before 11 am on April 22.

The first dividend, which will amount to £3.237 net, will be payable on October 1.

● comment

Anglia's stock yields nearly a full point less than the comparable Government stock, but the Falkland crisis wasn't in full bloom when this offer was drawn up. The last comparable water issue, by Bristol Waterworks last month, which yields less was offered at £100 per cent and fetched an averaged price of £100.6. In partly paid form, it is now trading at a slight premium. Unless things deteriorate dramatically in the next week, customers who can take full benefit of franked income are best advised to pitch their bids at a £1.50 premium to the tender price.

Clyde Petroleum ahead of forecast at £1.1m

ALTHOUGH TAXABLE profits of Clyde Petroleum declined marginally from £1.14m to £1.1m for 1981 the figures were ahead of the directors' estimate of £850,000 made at the time of the rights issue announcement in January.

The main reason for the improvement, compared with the forecast, was a reduction in depreciation charged against the group's U.S. oil and gas production assets because of the better-than-expected reserve positions at January 1, 1982.

Turnover reached £24.1m (£17.36m). Tax took £582,000 (£774,000 credit), unrealised exchange gains totalled £1.32m (£665,000 debit) and minorities accounted for £409,000 (£118,000).

Extraordinary debits amounted to £1.35m (nil), leaving attributable profits of £81,000 (£1.13m).

Stated earnings per 25p share were 0.3p (5.3p), but the dividend is held at 0.55p net. The group's share are traded on the USM.

CCA pre-tax profits were £497,000 (£373,000).

● comment

Coming between a one for one rights issue and the first revenues from its stake in Buchan, Clyde's preliminary figures have little relevance to the company's future or its present share price, down 4p to 98p. Profits exceed those forecast at the time of the rights issue largely because the depreciation formula used in the accounts takes account of increases in reserves whereas the prospectus assumed no additional reserves would be established during the year. In fact, a substantial fraction of the 1981 profit still derives from non-oil activities, such as the assembly and distribution of cars in Ecuador. These activities are likely to be hived off in the course of this year; as a result, the 1981 trading does not even form a basis for projecting Clyde's earnings in 1982. Oil acquisitions in Ecuador and the U.S. are producing a better flow of cash than forecast, although Buchan will not contribute until the first quarter of 1983.

Rowan and Boden in the red

SECOND HALF losses of £292,563 compared with profits of £16,707 are reported by Rowan and Boden, and figures for the whole of 1981 show losses of £188,563 against profits of £387,707. No final dividend is being paid, leaving the interim of 0.5p as the total payment. Last year a final of 1.21p was paid for a total of 2.21p.

Turnover of this Paisley-based furnisher, plastic manufacturer, floor and deck covering contractor, was down from £13.63m to £12.6m. No tax was payable against a credit of £108,441 last time.

The loss per 25p share was 4.67p (earnings 12.27p) before extraordinary item, and 6.46p including it. On a CCA basis, there was a pre-tax loss of £568,000.

SPAIN

April 15	Price	+ or −
Banco Bilbao	348	
Banco Central	343	
Banco Exterior	305	
Banco Hispano	316	−2
Banco Ind. Cat.	110	
Banco Santander	339	−2
Banco Urquijo	204	
Banco Vizcaya	366	
Banco Zaragoza	246	
Dragados	153	+1
Espanola Zinc	63	
Fecsa	61	−0.5
Gal. Preciados	36	
Hidrola	62.7	
Iberduero	57	−0.2
Petroleos	91.5	
Petroliber	99	
Sogefisa	9	
Telefonica	69.5	
Union Elect.	63.2	−0.5

Kalamazoo moves up to £0.4m

AN EASIER year was expected for 1981-82 at Kalamazoo by Mr W. F. Younger, chairman, and he says the results for the first six months to January 29 1982 bear out this expectation.

Sales are marginally higher at £16.57m, against £15.71m and the current cost pre-tax profit has risen from £301,000 to £433,000. However, Mr Younger points out that the improvement in profits is largely due to lower current cost adjustments of £214,000, against £429,000 last time. Performance remains depressed, he says.

"There are indications," he adds, "that confidence is beginning to return to our main markets, but this is unlikely to affect our figures for this financial year." He says that the company is looking for an upturn in business during the autumn, the first half of the company's next year.

The net interim dividend of this business systems and services supplier has been maintained at 0.83p. In the last full year a total of 25p was paid from pre-tax profits of £1.83m, on turnover of £32.39m.

"We expect," says Mr Younger, "to be able to maintain the final dividend at last year's rate, provided that the anticipated improvement in our performance is showing clearly by October."

Depreciation on a replacement basis was £1.07m (£1.06m) and on a historical basis was £916,000 (£922,000). Funds generated by operations were £1.71m (£1.79m).

Group profit is shown before charging K-W-A bonus and taxation. The bonus, however, is an annual charge and it is not practicable to calculate the bonus and tax figure for the first-half results.

Neil and Spencer £0.5m call

AS A result of heavier losses at Neil and Spencer Holdings, directors and proposing a rights issue on the basis of one-for-two to raise a net £534,000.

Although second half losses were down from £851,876 to £390,027, this dry cleaning, laundry and textile machinery concern ended the November 30, 1981 year with a taxable deficit of £1.45m, compared with a previous £162,876.

Turnover dipped from £27.45m to £25.92m and there is no dividend for the period—last year's total was 2.1p net.

The rights issue, underwritten by Baring Brothers, is of 5,079,233 10p ordinary shares at 12p each, and the net proceeds will be applied in reducing the level of bank borrowings, directors state—bank loans and overdrafts at the year end amounted to [illegible] (£1.88m).

[illegible] the current year, directors forecast a first half loss of some £500,000 (£916,000), but having regard to action that has been taken to reduce costs and improve the group's competitive position, they expect to operate profitably during the second six months.

Within the accounts, auditors, Deloitte Haskins and Sells say that in view of the current trading position of the group's subsidiaries, they were unable to assess whether any fall that there may have been in the value of these companies was of a long term nature.

Accordingly they were unable to determine the amount, if any, of the provision that should be made, in the group balance sheet against goodwill arising on consolidation of £1.89m, and, in the parent company's balance sheet against the interests in subsidiaries of £7.09m.

● comment

Yesterday's losses and rather desperate rights issue from Neil and Spencer put the skids under the shares. The price collapsed by 6p to 14p, just 2p above the rights price and a far cry from last year's high of 66p. The company chopped back a quarter of its UK labour force last year in the face of mounting domestic losses. But the surgery was not enough to stem the negative cash flow. Net borrowings, including long-term debt, crept up from £3.77m at the end of 1980 to £4.12m despite a reduction in stock and debtors and sharp increase in creditors. Net current assets fell by more than £2m in 1981. Capital gearing would have soared to well over 100 per cent but a property revaluation came to the rescue holding the figure to 93 per cent. Still an unacceptable level. Hence the rights issue which, together with two disposals, should raise close to £1m. That, along with the forecast of a return to the black in the closing half of 1982, should keep the bankers happy, though after yesterday's shakeout in the price the underwriters may well have to work for their fee.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: British Empire Securities and General Trust.

Final: Horace Cory.

FUTURE DATES

Interims—	
Aberdeen Trust	Apr 29
Spencer Gears	Apr 22
Finals—	
Aberdeen Construction	May 5
Border Breweries (Wrexham)	Apr 28
Clive Discount	Apr 28
Crowther (John)	Apr 26
Cussins Property	Apr 21
Duncan (Walter) & Goodricke	Apr 19
Milletts Leisure Shops	May 5
Office and Electronic Machines	Apr 29
Pentland Industries	Apr 28
Roberts, Adlard	May 4
Scottish Northern Investment Trust	Apr 23
United Friendly Insurance	Apr 19

BASE LENDING RATES

A.B.N. Bank	13 %	Robert Fraser	14 %
Allied Irish Bank	13 %	Grindlays Bank	‡13 %
American Express Bk.	13 %	■ Guinness Mahon	13 %
Amro Bank	13 %	■ Hambros Bank	13 %
Henry Ansbacher	13 %	Heritable & Gen. Trust	13 %
Arbuthnot Latham	13 %	■ Hill Samuel	§13 %
Associates Cap. Corp.	13 %	C. Hoare & Co.	†13 %
Banco de Bilbao	13 %	Hongkong & Shanghai	13 %
BCCI	13 %	Kingsnorth Trust Ltd.	14 %
Bank Hapoalim BM	13 %	Knowsley & Co. Ltd.	13½ %
Bank Leumi (UK) plc	13 %	Lloyds Bank	13 %
Bank of Cyprus	13 %	Mallinhall Limited	13 %
Bank Street Sec. Ltd.	14 %	Edward Manson & Co.	14 %
Bank of N.S.W.	13 %	Midland Bank	13 %
Banque Belge Ltd.	13 %	■ Samuel Montagu	13 %
Banque du Rhone et de la Tamise S.A.	13½ %	■ Morgan Grenfell	13 %
Barclays Bank	13 %	National Westminster	13 %
Beneficial Trust Ltd.	14 %	Norwich General Trust	13 %
Bremar Holdings Ltd.	14 %	P. S. Refson & Co.	13 %
Brit. Bank of Mid. East	13 %	Roxburghe Guarantee	13½ %
■ Brown Shipley	13 %	E. S. Schwab	13 %
Canada Perm't Trust	13½ %	Slavenburg's Bank	13 %
Castle Court Trust Ltd.	13½ %	Standard Chartered	‖13 %
Cavendish G'ty T'st Ltd.	15½ %	Trade Dev. Bank	13 %
Cayzer Ltd.	13 %	Trustee Savings Bank	13 %
Cedar Holdings	13 %	TCB Ltd.	13 %
■ Charterhouse Japhet	13 %	United Bank of Kuwait	13 %
Choulartons	13½ %	Whiteway Laidlaw	13½ %
Citibank Savings	¶12¾ %	Williams & Glyn's	13 %
Clydesdale Bank	13 %	Wintrust Secs. Ltd.	13 %
C. E. Coates	14 %	Yorkshire Bank	13 %
Consolidated Credits	13 %		
Co-operative Bank	*13 %		
Corinthian Secs.	13 %		
The Cyprus Popular Bk.	13 %		
Duncan Lawrie	13 %		
Eagil Trust	13 %		
E.T. Trust	13 %		
Exeter Trust Ltd.	14 %		
First Nat. Fin. Corp.	15½ %		
First Nat. Secs. Ltd.	15½ %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 10%, 1-month 10.25%. Short term £8,000/12 month 12.6%.
† 7-day deposits on sums of under £10,000 10¼%, £10,000 up to £50,000 11%, £50,000 and over 11½%.
‡ Call deposits £1,000 and over 10%.
‖ 21-day deposits over £1,000 11¼%.
§ Demand deposits 10¼%.
¶ Mortgage base rate.

BANK RETURN

BANKING DEPARTMENT

	Wednesday April 14 1982		Increase (+) or Decrease (−) for week
Liabilities	£		£
Capital	14,553,000		—
Public Deposits	45,170,292	+	2,463,807
Bankers Deposits	628,635,801	+	83,643,491
Reserve and other Accounts	1,770,643,756	—	81,250,938
	2,459,002,849	+	4,856,360
Assets			
Government Securities	790,076,403	—	87,350,000
Advances & other Accounts	1,119,123,262	—	61,377,921
Premises Equipment & other Secs.	536,193,373	—	16,829,887
Notes	13,387,612	—	4,295,806
Coin	222,199	+	9,974
	2,459,002,849	+	4,856,360

ISSUE DEPARTMENT

Liabilities	£		£
Notes issued	10,925,000,000	−	25,000,000
In Circulation	10,911,612,388	−	29,295,806
In Banking Department	13,387,612	—	4,295,806
Assets			
Government Debt	11,015,100		—
Other Government Securities	3,367,576,771	+	54,169,357
Other Securities	7,546,408,129	—	39,169,357
	10,925,000,000	−	25,000,000

Depressed prices hit Alcoa earnings

By Our New York Staff

THE U.S. aluminium industry is being hurt by the recession. Aluminum Company of America (Alcoa), the largest company in the industry, yesterday reported that profits in the first quarter had been halved because of falling prices.

Alcoa earned $43.8m or 57 cents a share, down from $101.2m or $1.37 a share in the first quarter of 1981. However, this figure includes a $21.8m gain from premature retirement of debt, suggesting that operating earnings were deeply depressed.

Sales in the quarter amounted to $1.2bn, down from $1.3bn the year before, and aluminium product shipments were down to 397,000 tons from 408,000 tons.

Mr W. H. Krome George, chairman, said: "Depressed aluminium prices and the high cost of carrying idle facilities were the two major contributors to lower Alcoa earnings in the first quarter."

Reynolds Metals, another large aluminium producer, reported profits of $13.6m or 68 cents a share, down from $33m or $1.69 a share. Sales were $732.7m, down from $846.2m. Shipments were also down, about 44,000 tons to 240,300 tons.

Morton-Norwich set to settle Rhone-Poulenc rift

BY DAVID LASCELLES IN NEW YORK

MORTON - NORWICH and Rhone-Poulenc indicated yesterday that they are close to patching up their quarrel over Morton's decision to sell its pharmaceutical division to Procter and Gamble.

The French chemicals group, which owns 20 per cent of Morton, claimed that the sale violated a 1978 agreement between the two companies which included technology exchange in pharmaceuticals. Last month it went to court to try and stop the sale which carries a price tag of $371m.

Mr Charles Locke, Morton's chairman, said yesterday that the two companies had tentatively agreed a plan to sever their relationship. Rhone-Poulenc would sell back its stake to Morton for $135m, and other ties established by the 1978 agreement would be terminated. Rhone-Poulenc would also end its litigation aimed at stopping the deal with Procter and Gamble.

However, the French company is still believed to be insisting on damages for Morton-Norwich's attempt to stop the sale of its stake in the U.S. group.

Mr Locke emphasised that the agreement was still subject to a satisfactory resolution of some difficult issues, which he did not describe.

If it goes through, the settlement would get Rhone-Poulenc out of a deal which has disappointed it because of the poor return. The total cost of Rhone-Poulenc's investment has not been made public. Under the original deal it bought 800,000 new shares for $31 each, at a cost of $24.8m. The remaining 1,955,000 shares were bought in the open market for less than $31 each.

Morton also announced a modest increase in its latest quarterly earnings yesterday, from $14.4m or $1.06 a share to $16m or $1.18 a share. This raised earnings for the first nine-months of its fiscal year to $46.8m or $3.44 a share from $40.8m or $3.00 a share.

Results were affected by the poor performance of the pharmaceuticals division which Proctor and Gamble is buying. Its sales were down 9 per cent, and the bottom line showed a loss of $233,000 compared with a profit of $3.2m in the same quarter of 1981. This was due to losses sustained by the large Mexican subsidiary because of the peso. the devaluation of the

Morton's other products, mainly salt-based household goods, showed gains.

Caterpillar Tractor profits fall sharply

By David Lascelles in New York

CATERPILLAR TRACTOR, the U.S. construction machinery group, reports a sharp drop in first quarter earnings because of the weak markets both in the U.S. and abroad.

Profits fell to $42.5m or 48 cents a share, less than a third of last year's comparable level of $142.4m or $1.64 a share. Sales tumbled from $2.2bn to $1.96bn. But the company is maintaining its 67.5 cents a share dividend.

Caterpillar said that the first quarter had been marked by economic uncertainty, high interest rates and a severe downturn in U.S. business activity. Most other countries were weak too. Higher depreciation rates along with increased interest expense also pulled earnings down.

The Peoria-based company had already announced large cuts in its workforce. But it confirms that the number of people on indefinite lay-off will rise to about 10,000 by the middle of this year out of a total workforce of 59,000. Capital expenditures will be $600m, about $100m less than last year.

The group is still optimistic about the long-term outlook. Spending cuts would not affect long term objectives, it said.

BNP offers floating rate note to raise $250m

BY ALAN FRIEDMAN

BANQUE NATIONALE de Paris (BNP) is raising $250m through a seven-qear floating rate note issue plus warrants to buy fixed-interest bonds. The spread over the six-month London interbank offered rate (Libor) is ¼ point and the minimum coupon is 5¼ per cent.

Each $1,000 of floating rate note paper entitles the investor to buy a 14¼ per cent bond maturing in 1990. This is similar to the successful SNCF floating rate note offer of last week.

BNP, Salomon Brothers and Credit Suisse First Boston are lead-managing the issue. As of last night, the ex-warrant price of the notes was quoted at 98.30 in the pre-market. At this level, the effective spread above Libor comes to about 35 basis points.

In the Eurodollar bond market, there were signs yesterday of a slight indigestion. The market, like the U.S. bond sector, is currently rather indecisive, and not all new issues are moving quickly. Today's U.S. M-1 money supply figures continue to overshadow trading activity.

Fixed interest Eurodollar bond prices fell yesterday morning, but recovered by the close, making for another unremarkable day in the secondary market.

The Euro D-Mark sector saw a DM 10m seven-year issue for Beneficial Finance, the U.S. consumer credit group. With a coupon of 9½ per cent, the borrower appears set for a successful deal. DG Bank is lead-manager.

Prices of Euro Deutsche Mark bonds fell by ⅛ to ¼ point yesterday in what most dealers see as a technical reaction to the recent buoyancy of the market.

The Swiss franc foreign bond market also saw prices fall by about ¼ point in moderate trading. As expected, a SwFr 100m 10-year offer is out for Nippon Steel through Swiss Bank Corporation. The indicated coupon is 6¾ per cent.

Autopista, the Spanish motorway agency, is in the market with a SwFr 80m 10-year issue through Credit Suisse. It is not surprising to see a 7¾ per cent coupon, given the present image of Spanish borrowers.

Amro Bank is launching a Fl 150m Euroguilder bond issue on its own behalf. The bonds bear a 10 per cent coupon and a five year maturity. Orion Royal and Swiss Bank Corporation International are also lead-managers.

Californian S and L bailed out

BY LOUISE KEHOE IN SAN FRANCISCO

FIDELITY SAVINGS, an Oaklan, California-based savings and loan association, has been bailed out of collapse by the Federal Home Loan Bank—the regulatory body of the U.S. Savings and Loan industry. In an unprecedented move the bank board and Californian state officials yesterday took over control of the association and approved the formation of a new Federal Savings and Loan Association, to assume its property, deposits and loans assets totalling $2.93bn.

Rumours of Fidelity's problems caused an extraordinary outflow of over $70m in the week ended April 5 and the inability of Fidelity to obtain additional money prompted Linda Tsao Yangs stat savings and loans commissioner, to step in, she said yesterday. Because events moved so fast there was no time to arrange a merger or sale of the association she declared.

Fidelity, which had 80 offices throughout California, is the only California savings and loans organisation to fail in recent years. It was the 21st largest savings and loan group in the U.S.

Depositors will be protected by the Federal Savings and Loan Insurance Corporation, which ensures deposits up to $100,000.

Mr Richard T. Pratt, chairman of the Federal Home Loan Bank Board, said: "There will be no disruption of financial services to the public. There will be no loss to any customer or creditor of the institution."

Shareholders in Fidelity Savings holding company — Fidelity Financial — will however be less fortunate. "Their capital will essentiallly cease to exist" said Mr Pratt.

The Federal Homes Loan Bank Board had contracted with Santiago-based Home Federal Savings and Loan Association to run Fidelity for the next six months. The bank board will pay all expenses.

Schlitz agrees to increased Stroh offer

By Our New York Staff

THE TWO brewers, Stroh and Jos Schlitz, who have been waging a take-over battle for the last three weeks, yesterday announced an improved deal which will result in Schlitz being merged into Stroh.

The key to the deal was an agreement by Stroh to raise its offer from $16 to $17 a share, which puts a total value on Chelitz of about $500m. This was enough to persuade Schlitz to drop its opposition to the bid, which it had previously denounced as inadequate and possibly anti-competitive.

Stroh's tender offer has already brought it over 70 per cent of Shelitz's stock. It got a boost earlier this week when the anti-trust authorities in Washington gave it tentative approval.

Owens-Corning in red

BY OUR FINANCIAL STAFF

PREDICTIONS OF a first quarter loss of around $2m at Owens-Corning Fiberglas have proved to be well short of the mark with the Toledo, Ohio-based group reporting a deficit of $8.65m or 28 cents a share. This compares with a profit of $10.46m or 34 cents a share for the opening three months of 1981.

Mr William Boeschenstein, chairman, blames the current state of the economy which has weakened the major markets for the group's products. These include the currently depressed North American housing market upon which the group depends heavily.

For the whole of 1981, net earnings per share totalled $1.63, compared with $1.78 the previous year and a long way short of the record $4.30 registered in 1978.

Weak demand lowers Dana

By Our Financial Staff

DANA, the U.S. motor components and industrial products group, has reported a 29 per cent fall in first quarter earnings from $28.4m or 80 cents a share to $20.1m or 56 cents a share. However,

Sales in the period were down 6 per cent from $694m to $655m due to weak demand from certain key markets and plant closures

Weak start to year for CBS

By Our Financial Staff

FIRST QUARTER earnings at CBS, which operates one of the three leading U.S. teelvision networks, owns radio and television stations in major locations and is an important factor in the recorded music industry, fell 16 per cent in the first quarter of 1982, from $16.9m to $14.2m.

At the per share level, profits fell from 60 to 51 cents. Sales for the period edged ahead 2 per cent, from $981.3m to $1bn.

Two U.S. drug groups show first quarter gains

BY OUR FINANCIAL STAFF

FURTHER GAINS in profits in the first quarter of the year were disclosed yesterday by two major U.S. ethicla drug companies. Eli Lilly, which takes more than half its earnings from medical drug sales, and G. D. Searle, the Skokie-based group which takes the bulk of its profits from similar markets, both recorded advances in both sales and profits in the opening quarter.

At Eli Lilley, earnings jumped from $124.7m to $135.6m or $1.78 a share of $863.2m, up from $812.6m.

Lilley has restated its net earnings to reflect its change in foreign currency translation, but no details were published yesterday.

Lilley's results for the opening quarter add strength to the Wall Street prediction that earnings will rise this year from the $4.75 a share of fiscal 1981.

The group took about 40 per cent of last year's profit from agricultural products, including chemicals and animal health products. A minor contribution to profits (5 per cent) came from the cosmetics division, which includes the Elizabeth Arden subsidiary.

Searle, whose earnings moved up from $22.1m to $28.3m or $56 cents a share, commented that earnings had been reduced by $7.5m by unfavourable currency fluctuations. Searle takes around one-third of its operating profits from units outside the U.S., chiefly in Europe, Canada, Mexico and Puerto Rico.

The group's effective tax rate dipped this year from 33.2 per cent to 29 per cent, reflecting a change in the geographical mix.

Saxon files for bankruptcy

By Our New York Staff

HIGH INTEREST rates claimed another U.S. corporate victim yesterday.

Saxon Industries, a leading manufacturer of office equipment and supplies, filed for relief from its creditors under chapter 14 of the bankruptcy code, which allows it four months to put together a reorganisation plan.

Saxon, which is banned in New York, said its banks had denied a request for more money. They would wait only until April 29 for repayment of current debts provided they got a lien on all Saxon's assets, which the company was not preparerd to grant. As a result the banks called in their loans.

The company did not reveal its debts. However, high financing costs have plagued Saxon for some time, and it said earlier this month it would report a large loss for 1981.

U.S. QUARTERLIES

ACME-CLEVELAND

	1981-82 $	1980-81 $
Second quarter		
Revenue	97.1	100.0m
Net profits	5.83m	4.77m
Net per share	1.29	1.06
Six months		
Revenue	199.0m	210.6m
Net profits	9.67m	7.05m
Net per share	2.14	1.56

ALASKA AIRLINES

	1982 $	1981 $
First quarter		
Revenue	45.3m	33.6m
Net profits	†132,000	†1.15m
Net per share	†0.08	†0.25

† Loss

COLT INDUSTRIES

	1982 $	1981 $
First quarter		
Revenue	419.8m	429.0m
Net profits	25.48m	41.48m
Net per share	0.96	1.49

INSILCO

	1982 $	1981 $
First quarter		
Revenue	170.4m	160.8m
Net profits	6.71m	6.48m
Net per share	0.43	0.42

INTNL. MINERALS & CHEMICAL

	1981-82 $	1980-81 $
Third quarter		
Revenue	419.2m	534.7m
Net profits	23.5m	42.0m
Net per share	0.89	1.53
Nine months		
Revenue	1.28bn	1.46bn
Net profits	132.7m	124.0m
Net per share	4.95	4.54

IMPERIAL CORPN. OF AMERICA

	1982 $	1981 $
First quarter		
Revenue	138.0m	199.0m
Net profits	†13.2m	1.4m
Net per share	†0.93	0.10

† Loss

LIBBEY-OWENS FORD

	1982 $	1981 $
First quarter		
Revenue	280.8m	311.8m
Net profits	†1.22m	8.07m
Net per share	†0.22	0.62

† Loss

MARRIOTT CORPN.

	1982 $	1981 $
First quarter		
Revenue	516.2m	412.5m
Net profits	16.94m	14.37m
Net per share	0.63	0.54

MARYLAND NATIONAL

	1982 $	1981 $
First quarter		
Net profits	10.67m	10.57m
Net per share	1.38	1.39

POTLATCH

	1982 $	1981 $
First quarter		
Revenue	201.3m	218.5m
Net profits	4.49m	7.95m
Net per share	0.14	0.44

PPG INDUSTRIES

	1982 $	1981 $
First quarter		
Revenue	752.2m	809.4m
Net profits	24.1m	55.3m
Net per share	0.71	1.65

RAYTHEON

	1982 $	1981 $
First quarter		
Revenue	1.42bn	1.31bn
Net profits	79.4m	73.2m
Net per share	0.94	0.88

REPUBLIC NEW YORK

	1982 $	1981 $
First quarter		
Net profits	16.62m	17.81m
Net per share	1.37	1.48

RUBBERMAID

	1982 $	1981 $
First quarter		
Revenue	88.9m	82.7m
Net profits	6.5m	6.2m
Net per share	0.84	0.80

TELEDYNE

	1982 $	1981 $
First quarter		
Revenue	765.8m	808.0m
Net profits	91.2m	97.4m
Net per share	4.42	4.71

TODD SHIPYARDS

	1981-82 $	1980-81 $
Year		
Revenue	715.9m	610.5m
Net profits	31.7m	23.0m
Net per share	6.01	4.49

U.S. BANCORP

	$ 1982	$ 1981
First quarter		
Net profits	13.04m	17.25m
Net per share	0.73	0.96

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Wednesday May 12. Closing prices on April 15

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amax Int. Fin. 16¾ 92	75	101⅛	101⅝	+0⅛	+0¼	15.96
Anheuser-Busch 16½ 88	100	102¾	103¼	−0⅛	+0¼	15.66
APS Fin. Co. 17⅛ 86	60	105	105½	0	+0⅜	15.45
APS Fin. Co. 16⅜ 89	75	102⅝	103⅛	−0⅛	+0⅛	15.46
Armco O/S Fin. 15⅛ 86	50	99¼	99¾	−0⅛	+0⅛	15.45
ATT 14⅜ 89	400	101⅜	101⅞	0	+1⅛	13.85
Baker Int. Fin. 0.0 92	225	25	25½	0	+0¼	14.98
Bank Montreal 16⅛ 91	150	102¼	102¾	−0⅛	+0¼	15.57
Burroughs Int. 15⅝ 88	50	102	102½	0	+1	15.13
Canadair 15½ 87	150	101	101½	0	+0⅛	15.10
Can. Nat. Rail. 14⅝ 91	100	98⅛	98⅝	+0⅛	+0⅜	14.91
Carolina Power 16½ 89	60	104¾	105⅜	0	+0⅜	15.26
Caterpillar Fin. 16½ 86	100	102¾	102⅞	−0⅛	0	15.56
CFMP 16⅜ 96	100	101¾	101⅞	−0⅛	+0½	16.39
CIBC 16 87	100	102	102½	−0⅛	+0⅛	15.29
Citicorp O/S 15½ 97	125	100½	101	0	+0½	15.35
CNA 15⅞ 97	75	98¾	99¼	0	+0⅝	16.04
Cons.-Bathurst 17½ 88	60	102½	102⅝	−0⅛	+0½	16.79
Con. Illinois 15¾ 89	100	101⅝	102⅛	−0⅛	+0¼	15.26
Dupont O/S 14½ 88	400	99⅝	100⅛	−0⅛	+0⅛	14.47
Dupont O/S Cap. 0.0 90	300	34⅜	34⅞	0	+0½	14.52
ECSC 14⅜ 87	50	98	98½	+0⅛	[illegible]	15.23
EIB 15½ 89	150	100½	100⅝	−0¼	+0½	15.29
Gen. Elec. Credit 0.0 92	400	26½	27	−0⅛	+0¼	14.34
Gen. Elec. Credit 0.0 93	400	24¼	24¾	0	−0⅛	13.91
GMAC O/S Fin. 16 88	150	101⅞	102⅜	−0⅛	+0½	15.38
GMAC O/S Fin. 15¼ 97	100	97½	98	−0¼	−0¼	15.64
Gulf Canada Ltd 14¾ 92	100	97¼	97¾	−0⅛	−0⅛	15.25
Gulf Oil 14⅜ 94	175	97⅞	97⅞	0	−0½	[illegible]
Gulf Oil Fin. 0.0 92	300	26½	26⅞	−0⅛	[illegible]	14.33
Int.-Am. Dv. Bk. 15⅞ 87	55	98⅞	99⅜	−0⅛	−0⅛	15.20
Japan Airlines 15⅛ 88	50	101½	101⅝	−0⅛	+0⅜	14.85
Japan Dev. Bk. 15½ 87	60	102	102½	0	+0⅛	14.77
Nat. West 14¾ 91	100	99⅝	100⅛	+0⅛	+0½	14.73
New Brunswick 16⅛ 89	75	102¼	102¾	−0⅛	+0½	15.60
New & Lab. Hy. 17¼ 89	75	105	105⅞	0	+0⅝	15.85
OKG 15⅝ 97	50	98¾	98⅞	+0⅛	+0⅛	15.95
Ontario Hyd. 16 91 (N)	200	103¼	103⅞	−0⅛	+0⅛	15.70
Pac. Gas & El. 15⅞ 89	80	102⅝	103⅛	−0⅛	+0½	14.99
Pac. Gas-Elec. 15½ 89	45	102¼	102⅝	−0⅛	−0⅛	14.92
J. C. Penney GI 0.0 94	350	20⅝	21⅛	0	+0⅜	14.15
Quebec Prov. 15⅝ 89	150	99⅝	99⅞	−0¼	+0⅜	16.28
R.J. Rynlds. O/S 0.0 92	400	24⅞	25⅛	0	+0⅛	15.06
Saskatchewan 16¼ 88	100	103¼	103⅝	−0⅛	+0⅜	15.33
Saskatchewan 16 89	175	[illegible]	103¼	+0¼	[illegible]	[illegible]
Spain 15⅞ 87	100	98⅝	98⅞	−0⅛	−0⅛	16.20
Statsforetag 15¾ 87	50	99¾	100¼	0	+0¼	15.68
Sweden 14½ 88	150	95⅞	96¼	−0⅛	[illegible]	[illegible]
Swed. Ex. Cred. 16½ 93	75	101¼	[illegible]	0	+0⅛	16.15
Swed. Ex. Cred. 15½ 89	100	98¾	99¼	−0⅛	0	15.51
Swed. Ex. Cred 0.0 94	200	19⅞	20⅛	+0⅛	+0½	14.42
Texas Eastern 15⅞ 88	75	102½	103	−0⅛	+0⅛	[illegible]
Transcanada 16 89	100	101¼	101½	+0⅛	+0⅛	15.62
Wells Fargo I. F. 15 87	75	100¾	101¼	+0⅛	+0¼	[illegible]
WMC Fin. 15½ 88	50	98½	98¾	0	+0⅛	15.25
World Bank 15⅞ 88	250	100½	101	+0¼	+1	15.02

Average price changes... On day 0 on week +0⅜

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 9⅞ 91	300	103⅜	104⅛	0	+0½	8.77
Australia 9⅝ 91	200	103⅜	104⅛	−0⅛	+0¼	8.74
Belgelectric 11 91	100	104⅝	105⅜	−0½	0	10.13
Comp. Tel. Esp. 10½ 92	100	100⅞	100½	−0⅛	0	10.43
Denmark 10 88	100	101½	102	+0⅛	+0½	9.59
Denmark 10⅛ 92	100	101½	102	0	+0⅛	9.83
EEC 10⅛ 93	100	104⅛	104⅝	−0¼	+0⅛	9.47
EEC 9¾ 94	200	102½	103	0	+0⅛	9.36
EIB 9½ 88	50	101⅞	102⅜	+0⅛	+0½	9.29
Inter-American 10⅛ 91	100	105½	106	+0⅛	+0⅛	9.30
Ireland 10⅛ 86	100	101⅞	102⅜	0	+0⅛	9.48
Mexico 11 88	100	102⅛	103⅛	+0⅛	+1⅛	10.38
Mt. Bk. Dnmk. 10½ 91	100	102⅝	103⅛	+0⅛	+0⅛	10.02
Nacnl. Financiera 11 90	150	100¼	100½	−0⅛	+0⅛	10.97
Nat. West. 9⅞ 92	100	105⅝	106⅛	−0½	+0½	8.91
New Zealand 9¾ 89	200	104⅝	105⅛	−0½	−0½	8.80
OKB 10⅛ 91	150	104⅛	104⅝	−0⅛	+0⅛	9.22
OKB 9¾ 86	150	103	103½	−0⅛	−0⅛	9.06
Quebec 10⅛ 92	150	105½	106¼	−0⅛	+1⅛	9.18
Quebec Hydro 10¼ 91	150	105⅜	106⅛	−0⅛	−1⅛	9.30
Tauernautobahn 9⅞ 94	50	102¼	102¾	−0⅛	+0⅛	9.51
Venezuela 11½ 91	100	100½	101	−0⅛	−0⅛	11.34
World Bank 10 91	250	104⅞	105⅜	0	+0⅜	9.14

Average price changes.. On day −0⅛ on week +0¼

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Ansett Transport 7½ 92	50	103¼	103½	−0½	−0⅛	7.01
Asian Dev. Bank 8 90	80	104½	105	−0⅛	−0⅛	7.23
Australia 6¾ 93	100	104¾	105	−0¼	−0⅛	6.15
Belgelectric 7½ 91	80	102	102¼	−0⅛	−0⅛	7.18
Bell Canada 7¼ 93	100	106	106¼	0	+0⅛	6.48
Bet. de Autopistas 8 90	50	100¾	101	0	−0⅛	7.85
Co-op. Denmark 8⅛ 92	25	103¾	104	−0⅛	−0¼	7.80
Denmark 7¼ 91	100	100½	100¾	−0½	−0⅛	7.15
EIB 7⅛ 92	100	101¾	102	−0¼	+0⅛	6.97
Elet. de France 7 92	100	101½	101¾	−0½	−1¼	6.76
ENEL 8 92	44	101	101½	−0½	−0⅛	7.81
First City Fin. 8¼ 92	25	102	102¼	0	−0⅛	7.93
Japan Air Lines 7⅛ 91	100	105¼	105½	0	−0⅛	6.47
Manitoba 7 92	100	105⅛	105⅝	−0⅛	−0⅛	6.27
National Pwr. Co. 8 92	30	102⅝	103	0	+0⅛	7.57
Nippon T. and T. 6⅝ 92	100	103	103½	−0⅛	+0⅛	6.17
OKB 7¾ 92	100	103½	103¾	−0⅛	−1	7.22
Ost. Donaukraft 7 92	100	101⅜	101⅝	−0⅛	−0⅛	6.78
Ost. Postspar 7½ 92	100	102	102¼	−0¼	0	7.19
Quebec 7⅜ 92	20	104	104¼	−0½	−0⅛	6.79
Saint-Etienne 8½ 91	80	†105	105½	+0⅛	−0½	7.70
Soc. Lux. de Cnt. 8⅛ 92	50	103¼	103¾	−0⅛	−1⅛	7.49
TNT O/S Fin. 8 91	100	105⅜	106	−0⅛	−0⅛	7.12
Transcanada Pipe. 7 94	100	103	103¼	0	−0⅛	6.61
Unilever NV 7½ 93	100	106⅛	106⅞	0	−0⅛	6.64
World Bank 8 91	100	105⅜	105⅞	−0⅛	+0⅛	7.17

Average price changes... On day −0⅛ on week −0⅜

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8⅜ 91	15	100⅞	101⅞	+0⅛	+0⅛	8.03
Int.-Amer. Dev. 8⅞ 91	15	102⅛	102⅞	+0⅛	+0⅛	8.47
Japan Airlines 7⅞ 87	9	97¾	98⅛	+0⅛	+0⅛	8.42
New Zealand 8⅛ 87	15	100¾	101¾	+0⅛	+0⅛	8.06
World Bank 8⅛ 92	20	100	100¾	0	0	8.31

Average price changes... On day +0⅛ on week +0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Montreal 17 89 C$	50	†101⅜	102⅛	0	−0⅛	16.47
Nt. Bk. Can. 16½ 88 C$	50	†98¾	100⅛	0	0	16.52
Pancanadian 16½ 88 C$	65	†98½	99	−0⅛	0	16.75
Queb. Hydro 16½ 89 C$	50	†100⅜	101⅛	0	+0⅛	16.23
Queb. Urban 16¾ 86 C$	20	†100	101	0	0	16.50
Tordom Cpn. 16½ 88 C$	25	†98⅝	98⅞	0	+0⅛	16.85
Transalta 17 89 C$	50	†100⅛	100⅝	+0¼	+0⅛	16.79
U. Bk. Nwy. 9½ 90 EUA	18	90½	91⅛	−0⅛	−0⅛	11.25
Algemene Bk. 10⅛ 86 Fl	60	100½	101	−0½	−1	9.99
Amfas Group 12½ 86 Fl	40	104½	105	+0⅛	+0½	10.84
Amro Bank 12 86 Fl	75	105½	105¾	−0⅛	−0⅛	10.29
Amro Bank 12 86 Fl	60	105	105½	−0⅛	−0⅛	10.45
Pierson 10⅛ 86 Fl	50	99⅞	100⅛	0	−0⅛	10.19
Rabobank 12 86 Fl	50	105⅜	105⅞	+0⅛	−0⅛	10.25
OKB 14 86 FFr	400	89⅞	90⅞	0	+0⅛	17.80
Solvay et C. 14¾ 86 FFr	200	91	92	+0⅛	+0⅛	17.92
Acena 14 85 £	20	92	93	−0⅛	−0⅛	16.83
Beneficial 14¼ 90 £	20	85⅞	86⅞	−0⅛	−0½	17.34
BNP 13½ 91 £	15	89¾	90⅛	−0⅛	−0⅛	15.72
CECA 13½ 88 £	20	93¼	94¼	−0⅛	−0¼	15.01
Fin. Ex. Cred. 13⅜ 86 £	15	93⅝	94⅝	+0⅛	−0⅛	15.84
Gen. Elec. Co. 12⅛ 89 £	50	91½	92½	−0⅛	−0½	14.45
Hiram Walker 14⅛ 86 £	25	95⅞	96⅝	0	0	15.62
Privatbanken 14½ 88 £	12	92½	93½	+0⅛	+0¼	16.42
Quebec 15½ 87 £	35	99⅞	100⅞	0	+0⅛	15.37
Reed (Nd) NV 16⅜ 89 £	25	100⅜	101⅜	+0⅛	+0⅛	16.49
Royal Trustco 14 86 £	12	96	97	+0⅛	+0⅛	15.22
SDR France 15½ 92 £	30	97⅛	98¼	−0⅛	0	15.98
Swed. Ex. Cr. 13⅜ 86 £	20	96⅛	97⅛	+0½	+0½	14.92
Eurofima 10½ 87 LuxFr	500	99⅝	100⅝	0	+0⅜	10.44
EIB 9¾ 88 LuxFr	600	95	96	+0⅛	+0⅛	10.82

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish 5¼ 92	0¼	98¼	98¾	15/10	15.69	15.83
Bank of Montreal 5¼ 91	0⅛	99	99½	29/4	17.06	17.19
Bk. of Tokyo 5¼ 91 (D)	0¼	98½	99	10/6	13¼	13.42
Bank Nova Scotia 5¼ 93	0⅛	99⅞	99⅜	29/4	17.06	17.17
BFCE 5¼ 88	0¼	99⅛	99⅞	26/4	16.94	17.00
BFCE 5¼ 87	0¼	99⅛	99⅞	27/7	16⅛	16.31
CCCE 5¼ 2002	0⅛	98⅝	98⅞	11/6	14.82	15.06
Co-Ban Eurofin 5½ 91	0¼	98⅝	99⅛	14/10	16	16.18
Credit Agricole 5¼ 97	0¼	99¼	99⅜	24/8	15.44	15.52
Credit Lyonnais 5¼ 97	0¼	99¼	99⅜	1/10	16	16.08
Credit Nat. 5¼ 94	‡0¼	98½	99	9/8	14.69	14.87
Denmark, Kngdm. of 92	0⅛	98½	99	25/8	15.44	15.63
Den Norske Cred. 5½ 93	0¼	97¾	98⅛	4/6	13.66	13.84
Genfinance 5¼ 92	0¼	99⅜	99⅞	30/6	15½	15.56
GZB 5½ 92	‡0⅛	98⅞	99⅜	8/6	14.94	15.07
Ind. Bank Japan 5¼ 88	0⅛	99	99½	8/5	13.31	13.41
Lloyds Eurofin 5¼ 93	§0¼	98⅞	99⅜	29/4	17.13	17.28
LTCB Japan 5¼ 89	0⅛	99⅛	99⅝	16/7	15.31	15.41
Midland Int. Fin. 9 91	0¼	99¼	99⅜	30/4	17.06	17.15
Nat. West Fin. 5¼ 91	§0¼	99⅛	99⅝	15/7	16.19	16.26
Nippon Credit 5¼ 90	0⅛	99	99½	10/8	16.06	16.18
Nordic Int. Fin. 5½ 91	0¼	98⅝	98⅞	6/5	15⅝	15.84
Offshore Mining 5¼ 91	0⅛	98⅝	99⅛	2/6	13	13.15
PKbanken 5 91	0¼	98⅝	99⅛	17/6	14⅛	14.54
Sanwa Int. Fin. 5¼ 88	0½	†98⅞	99½	24/9	15.31	15.45
Scotland Int. 5¼ 92	0⅛	98½	99	23/9	15⅛	15.57
Sec. Pacific 5¼ 91	0⅛	99¼	99¾	24/5	13⅛	13.38
Societe Generale 5¼ 95	0¼	99⅛	99⅝	1/9	15.31	15.41
Standard Chart. 5⅛ 91	0⅛	99⅛	99⅝	16/5	13.31	13.40
Sumitomo Fin. 5½ 88	0⅛	†99⅛	99⅞	9/8	16	16.06
Sweden 5⅛ 89	0¼	98⅞	99⅜	26/8	15.31	15.45
Toronto Domin'n 5¼ 92	0⅛	99⅛	99⅝	11/8	16⅛	16.46

Average price changes... On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5¼ 96	7/[illegible]	933	92⅞	94⅛	+0⅛	1.19
Bow Valley Inv. 8 95	4/81	23.12	87⅝	88⅝	0	50.59
Bridgestone Tire 5½ 96	3/82	470	81⅝	83⅛	−0⅛	−4.19
Canon 6¾ 95	1/81	829	73½	75⅛	−0⅛	10.24
Daiwa Secs. 5½ 96	12/81	513.3	†61	63	0	−2.07
Fujitsu Fanuc 4¼ 96	10/81	5641	83½	84⅛	0	12.43
Furukawa Elec. 5¼ 96	7/81	300	87	88	−2	−4.72
Hanson O/S Fin. 9½ 96	8/81	1.36	†77	78	−11	−14.88
Hitachi Cable 5¼ 96	2/82	515	73⅛	74⅞	−1⅛	−3.83
Hitachi Cred. Cpn. 5 96	7/81	1612	71⅛	73	0	2.20
Honda Motor 5½ 97	3/82	841	71⅝	73⅛	0	4.40
Inchcape 8 95	2/81	4.55	†74	75	+10⅛	49.87
Kawasaki 5¼ 96	9/81	229	65⅛	67⅛	−1⅛	3.46
Marui 6 96	7/81	846.4	93	94½	+1	8.30
Minolta Camera 5 96	10/81	826.4	59⅛	60⅛	+0⅛	30.56
Minorco 9¼ 97	5/82	8.16	†88	89½	+1	−0.06
Murata 5¼ 96	7/81	2168	53⅝	55⅛	−1⅛	30.86
NKK 6½ 96	7/81	183	75⅛	77⅛	+0⅛	−19.29
Nippon Chemi-C. 5 91	10/81	919	55½	57⅛	−5½	6.08
Nippon Electric 5¼ 97	2/82	846	77½	79	−1⅛	8.44
Orient Finance 5¼ 97	3/82	1205	82⅛	83⅛	−1½	0.97
Sanyo Electric 5 96	10/81	852	60⅛	61⅛	−1⅛	8.43
Sumitomo Elec. 5½ 97	3/82	577.3	79⅛	80⅛	−1	−0.23
Sumitomo Met. 5¼ 96	10/81	296.1	59⅛	60⅛	−2⅛	7.45
Swiss Bk. Cpn. 6¼ 90	9/80	191	69⅛	71⅛	0	10.17
Konishiroku 6 90 DM	2/82	585	99	100	+6	6.39
Mitsubishi H. 6 89 DM	2/82	263	93⅛	94⅛	+0⅛	14.41

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

INTL. COMPANIES & FINANCE

Opel slides deeper into the red

BY KEVIN DONE IN FRANKFURT

OPEL, West German subsidiary of General Motors of the U.S., slumped to an after-tax loss of DM 592.8m ($245m) last year. The company sees no chance of returning to profit before 1983.

In spite of lower car sales in the West German market higher exports allowed Opel to increase its total vehicle production modestly by 3 per cent to 816,648 units. But output remained far below the 1979 level of 968,466.

The company fell deeply into loss in 1980 for the first time for more than 30 years with an after-tax deficit of DM 410.8m, but the position worsened further last year under the pressure of rising interest payments and an ambitious DM 6bn capital expenditure programme alunched in 1977.

Opel has been forced to hold down its prices and improve model specifications to counter Japanese competition and it has been able to maintain market share only at the cost of narrower margins. Operating losses jumped to DM 555m from DM 460m in 1980.

Herr Ferdinand Beickler, Opel's new chief executive, said the group hoped to considerably reduce its losses this year with the aim of returning to profit in 1983.

OPEL AT A GLANCE

	1981 DMm	1980 DMm
Turnover	10,090	9,200
(Loss)	592.8	(410.8)
Capital spending	1,060	1,410
Production	816,648	792,800
Share of German vehicle output	21.0%	20.4%
Share of German car market	16.2%	16.7%

It is optimistic that it can push through its second round of domestic price increases in less than four months—a rise of 3.8 per cent in April has followed a 2.5 per cent price increase at the beginning of the year.

In the first quarter of the year it has managed to boost its domestic market share to 19.2 per cent from 16.1 per cent in the same period last year, helped by the successful launch of the Ascona. It worked at 90 per cent of capacity in January/February compared with 81 per cent for the whole of 1981 and 78 per cent in 1980.

Opel said it is hoping to increase total domestic sales to 416,000 this year, giving a market share of 18 per cent compared with only 16.2 per cent last year. It is aiming to boost European sales to 910,000, an increase of 14.4 per cent helped by big gains in France, Italy, Belgium and the Netherlands.

It is introducing diesel-engine versions of the Kadett and the Ascona to try belatedly to take advantage of the booming demand for diesel-powered cars in West Europe.

The Opel Corsa—GM's $2bn project to develop a small car to compete with models such as the Ford Fiesta and the VW Poto in European markets—will be launched in France, Spain and Italy in the autumn and in West Germany in the spring.

GM's assembly plant for the Corsa at Zaragoza in Spain will have an annual capacity of 270,000 cars and Opel will eventually hold a share of about 29 per cent in GM Espana in return for work undertaken in developing the model. The shareholding arrangement offers considerable tax advantages in West Germany.

Opel's profitability last year suffered from having to carry the cost of prolonged short-time working in the first quarter, an expensive and largely unsuccessful sales promotion campaign as well as the start-up costs of the Ascona front-wheel drive model.

The group's liquidity was helped by a DM 1.4bn loan raised last spring under favourable conditions from the General Motors parent company in Detroit—the first time money has been raised on this scale from GM.

Under the burden of generally high interest rates and heavily increased borrowing to finance its big investment programme Opel's net interest costs jumped, however, from DM 6m in 1980 to DM 99m last year, while depreciation charges rose to DM 855.8m compared with DM 710m in the previous year.

Opel has passed the peak of its spending programme—capital expenditure is expected to total about DM 700m this year compared with DM 1.1bn in 1981 and DM 1.4bn in 1980—which should help cut losses in 1982.

W. German petrol price row

By Leslie Colitt in Berlin

THE big oil companies operating in West Germany yesterday refused to attend a hearing by the cartel office, which charged them with over pricing at autobahn service stations.

The cartel office gave the oil companies 14 days in which to lower their prices. If they did not comply, the office said it would order BP, Shell, Aral, Esso and Texaco, along with Agip, Conco, Fina and three small West German distributors to drop their prices by a specific amount.

The oil companies have denied charging excessive prices compared with service stations off the autobahn. They are not expected to react to yesterday's warning by the cartel office to lower their prices by between 1.6 and 5.4 pfennigs a litre.

The case is expected to go up to the cartel bench of the West Berlin civil court. The cartel office said that if the oil companies lowered their prices within two weeks it would not impose retroactive fines, which it could do under a provision introduced in January.

The cartel office accused the oil companies of over-charging after comparing prices at autobahn petrol stations with prices at service stations on other roads.

In 1976 the cartel office raised similar charges.

Ship sales aid Nedlloyd results

BY CHARLES BATCHELOR IN AMSTERDAM

NEDLLOYD, the Dutch shipping group, reports higher profits for 1981, and proposes raising its dividend.

Much of the improvement came from ship sales following the acquisition early last year of the smaller, KNSM shipping line. For this year Nedlloyd expects profits to decline.

Net profit rose 16 per cent to Fl 147m ($55m) on turnover which was 48 per cent higher at Fl 4.48bn ($1.6bn). However, the acquisition of KNSM means the results are not directly comparable. Nedlloyd proposes raising the 1981 dividend to Fl 13 per share from Fl 12.

The profits improvement was partly due to better results from Nedlloyd's liner and offshore drilling activities as well as currency gains.

Operating profit rose by 13 per cent to Fl 235m. Profits on the sale of assets more than quadrupled to Fl 82.9m. Net interest charges rose by 52 per cent to Fl 114.3m.

Nedlloyd earlier said that the acquisition of KNSM would have "no impact" on its 1981 results since the benefits would offset the costs. Most of last year's improvement came in the first half. The company's Neddrill division made its first contribution to profits.

Neddrill, which up to now has made a string of heavy losses, was expected to make a "considerable contribution" to the 1981 result. Nedlloyd sees this division, which carries out hydrocarbon exploration under contract, continuing to expand, helped by the introduction of three new jack-rigs.

Amev tops forecast and boosts dividend

BY OUR FINANCIAL STAFF

AMEV, the big Dutch insurance group, reports a rise in net profits of 18 per cent—three points ahead of forecast—for 1981 and is stepping up its dividend.

Group revenues are 15 per cent ahead at Fls 3.83bn and this has helped push up net earnings to Fls 163.6m ($61m) from Fls 138.6m in 1980. The cash dividend is going up to Fls 7.40 a share from Fls 6.80.

Amev has added Fls 5m to risk provisions on property development.

Gross profits from life assurance grew by 13 per cent to Fl 140.9m and from non-life insurance by 18 per cent to Fls 73.2m. Other activities, which include property development and a mortgage bank subsidiary, showed a 28 per cent decline in gross earnings to Fls 15.5m.

Total income from life assurance premiums rose 12.7 per cent to Fls 1.39bn and from non-life premiums by 11.8 per cent to Fls 1.06bn. Income from investment related to insurance activities increased by 17.9 per cent to Fls 944m and from other activities by 31.3 per cent to Fls 432m.

Following payment of an interim Fls 2.60 dividend, the remaining final dividend is Fls 4.80. Shareholders may take cash or shares. In addition, a stock dividend of Fls 0.50 per share will be distributed.

This is the first time Amev shareholders have been given a choice of taking a cash or stock dividend. This policy is in line with the company's efforts to increase capital and reserves as it continues to expand.

Bank of Cyprus lifts earnings

By Our Financial Staff

THE BANK of Cyprus group, the island's biggest banking organisation, had pre-tax profits last year of Cyprus £3.1m ($6.64m), nearly Cyprus £410,000 more than the previous year. The annual meeting of shareholders approved the board's recommendation of a 10 per cent dividend.

Mr George Christophides, chairman of Bank of Cyprus (Holdings), said the group would soon be opening an office in Athens, making it the first Cypriot bank to extend its business to Greece.

The bank's UK branch had increased its operations last year, but its profits of £458,000 sterling were down compared with 1980 "because of inflation and low interest rates."

Turkey and Aydin set up electronics company

BY METIN MUNIR IN ANKARA

THE TURKISH government has combined with Aydin Corporation of the U.S. to set up Havelsan-Aydin, a company which will make and repair electronic equipment for the Turkish air force.

The government-owned Turkish air force support foundation will have a controlling interest of 51 per cent in the venture. Aydin Corporation will own 38.5 per cent with the remaining shares held by the Turkish state-owned companies, TESTAS and TUSAS. Initial capital of Havelsan-Aydin will be $7m but this may be raised to $30m

The company will primarily address the needs of the Turkish air force and it marks the beginning of a sophisticated electronics industry in Turkey. It plans to provide almost all the avionics, radar and telecommunications equipment required for Turkey's civil and military applications.

Japan aluminium stake for CRA

BY IAN PERKIN IN MELBOURNE

CRA, AUSTRALIA'S third largest company, has taken a giant step beyond the concept of the further processing of local resources with a plan to buy a 50 per cent interest in Japan's second largest aluminium company.

Sir Roderick Carnegie, CRA's chairman, said the group, which is 57 per cent owned by RTZ of the UK, would pay Y25bn (U.S.$100m) for a half share in Showa Aluminium Industries KK, the alminium arm of the Showa Denko group.

The proposed purchase is a major breakthrough for local resource-based companies and is the first time that an Australian company has made such a large direct investment in a Japanese concern.

All the money for the deal will be borrowed by CRA in Japan from local banks through the Industrial Bank of Japan.

The deal will give CRA a 50 per cent interest in a completely restructured company—Showa Aluminium Industries—with assets of A$650m (U.S.$675m) including A$200m of equity capital and A$450m in loan funds.

It will also give Comalco, CRA's 45 per cent owned associate integrated aluminium producer, preferred access to Japan for sales of aluminium to Showa Aluminium Industries, provided Comalco remains world competitive.

Comalco said it had reached agreement with Showa Denko and Showa Aluminium Industries for a long-term contract for the supply of primary aluminium metal for which CRA will receive a commission.

"The supply of metal from Comalco to Showa Denko links Australian mineral and energy resources processed in this country to the markets of Japan, to the mutual advantage of both countries," a Comalco official said.

Comalco has a huge aluminium metal expansion programme under way in Australia, the most important part being the A$600m Boyne Island smelter near Gladstone in Queensland. The first stage to produce 103,000 tonnes of aluminium a year has just been completed, with Comalco taking the major share of the production.

It also has the right to take 83 per cent of the second stage output of 103,000 tonnes a year and 100 per cent of the third stage, also 103,000 tonnes a year.

In yet another major deal, Comalco also announced yesterday that its other 45 per cent shareholder, Kaiser Aluminium of the U.S., had agreed to discuss arrangements to buy metal from the company on a similar basis to that agreed with Showa Aluminium.

Showa Aluminium at present uses about 200,000 tonnes of aluminium a year and is looking for substantial growth in its requirements in the future.

Our Tokyo Staff adds: Japan's depressed aluminium industry, unable to compete economically because of high energy costs, is through a drastic rationalisation programme. Capacity has been reduced from 1.6m tonnes a year to about 1.1m tonnes and should fall to 700,000 tonnes by 1985.

The cost of smelting aluminium is so high that the industry estimates it loses Y100,000 for every tonne of production.

UK loss hits News Corporation

BY OUR MELBOURNE CORRESPONDENT

PROFITS of News Corporation, Mr Rupert Murdoch's multinational media holding company, were slashed from A$35.6m (U.S.$37.8m) to A$18.07m in the six months ended December 31.

Profits before tax dropped from A$71.07m to A$34.3m reflecting trading losses in the UK.

News International, the UK part of the group, reported on Wednesday a reversal from a A$20.8m profit to A$5.2m loss for the half year ended December which excludes results from the New York Post and other publications outside the UK.

News Corporation said the UK reversal resulted from three factors — the Times Newspapers trading loss, large losses on the newly-launched magazine supplement to the News of the World and heavy investment in promoting the Sun.

It said it believed that all developments would lead in the longer term to better results for the group.

News Corporation's result includes equity accounted shares of associated companies, in particular Ansett Transport Industries, but excludes interests attributable to minority holders in associate companies which rose to A$808,000 from A$707,000.

Turnover for the half-year climbed 17 per cent from A$518.2m to A$607.4m. The result excluded extraordinary profits of A$5.30m against A$14.1m.

News Corporation's tax bill was cut from A$34.7m to A$15.4m while interest costs rose from A$16.1m to A$24.9m and depreciation from A$7.5m to A$9.3m.

Earnings per share were down from 43 cents to 22 cents. As previously announced, a steady interim dividend of 5.5 cents a share will be paid.

Strong advance at HK Electric

By Robert Cottrell in Hong Kong

HONGKONG ELECTRIC Holdings, which supplies power to Hong Kong Island, has announced profits after tax for 1981 of HK$611.1m (US$105m), 63 per cent up on the HK$375.4m reported for 1980. Attributable profits are down from HK$1.19bn to HK$611.1m, however, because 1981 saw no extraordinary gains against the HK$815.3m achieved in 1980.

The board proposes a final dividend of 18 cents a share, making 29 cents for the year against an adjusted 21 cents in 1980. Earnings per share are stated at 54 cents, an adjusted 38 per cent rise over 39 cents in the previous year. Turnover of HK$2.1bn compared with 1980's HK$1.38bn.

Higher yen swap limit for foreign banks

BY RICHARD C. HANSON IN TOKYO

FOREIGN bank branches in Japan are being given higher ceilings on the amount of foreign currency they are able to swap locally to raise yen funds.

Unlike past increases, however, the Ministry of Finance will grant the new limits on a case-by-case basis rather than across the board.

Foreign banks which have been active lenders of yen are generally being favoured with large increases ranging up to more than 50 per cent of their current ceilings. The rises are being calculated partly on the basis of the ratio of yen loans to a bank's swap ceiling. Recent arrivals in Japan, therefore, are less likely to get an increase than long established banks.

A number of Japanese banks, whose swap limits in general are very small, are also being given requested increases. Most of these requests have been from small and medium-sized banks.

The swap scheme on average accounts for about one-third of the yen funding needs of foreign banks operating in Japan. It is less important than in the past, when other means of raising funds were tightly restricted. But the system gives foreign banks some advantage over Japanese banks with small swaps when market rates are favourable.

The old ceiling was set in December 1980 at about $5-6bn for the foreign banks as a group. The Finance Ministry says that over the past year it has received about two dozen requests from foreign and Japanese banks for larger swap limits.

Since the new swaps are being negotiated with each bank separately, there is no estimate available for how much the overall swap ceiling will rise after all the requests are met. The Ministry declined to say how much on average the increases have been. More than 70 foreign bank branches operate in Japan.

Top credit rating for Mitsubishi in U.S.

MITSUBISHI CORPORATION has become the first trading company in the world to win a top triple A rating from Standard and Poor's for its U.S. convertible debentures due in 1994 our Tokyo Staff reports.

Mitsubishi claims to be the largest general trading house in the world, with worldwide sales of more than $70bn last year.

Only two Japanese companies, Matsushita Electric Industrial and Hitachi, both electrical manufacturing companies, have been rated triple A so far in the U.S.

Toncoro hampered by late start of new plant

BY THOMAS SPARKS IN JOHANNESBURG

TONGAAT COROGROUP (Toncoro), South Africa's largest brickmaker, was badly hampered by late commissioning of a new plant in the year ended on March 31. Pre-tax profit declined to R28.1m from R28.9m in the previous year on turnover which rose to R214m ($203m) from R173m.

At the start of the financial year stocks of bricks were much lower than they had been a year before. However, the company hoped this would not affect sales as new brick-making plant was scheduled to be installed during the year. Mr Dick Kemp, the chairman, concedes that the new plant and equipment schedule was over-optimistic. As a result production levels were below expectations.

Apart from the production constraints on sales volumes, demand in the Natal and Orange Free State provinces weakened from December to March. Since the end of March these two markets have continued to weaken.

The total dividend has been increased to 33 cents from 30 cents. Earnings per share rose to 77.1 cents from 78.1 cents.

Toncoro is 74 per cent owned by Tongaat, the diversified sugar, textiles and building materials group.

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Companies and Markets

INTL. COMPANIES & FINANCE

South Korea sells equities abroad

THE SUBSCRIPTION last year of $30m to two Korean investment trusts has set the scene for overseas investors to have another chance to buy into Korean securities, this time through a close-ended Korea fund planned to be set up in New York next year. Although the Korean Government aims at avoiding over-reaction to demand, new tranches this year for the two unit investment trusts are also in prospect.

The Korean stock market, which opened to indirect foreign investment late last year, is attractive to foreign investors because of its potential for long-term capital growth.

Traditionally, the market has had difficulty in increasing the level of equity capital, because companies were reluctant to open their shareholdings to the public. Todays exchange lists 343 companies. But when founded in 1956, the exchange traded only Government bonds and 12 stocks. It lingered in this way until the early 1970s, when Government measures virtually forced companies to go public.

The number of companies rose to 50 in 1971, and first topped 300 in 1977. During that period, companies were offered tax benefits and special depreciation allowances if they listed their shares for sale on the exchange. When few companies responded to these incentives, the Government ordered companies to open their capital to the public. Companies which refused were made subject to unfavourable tax treatment and denied benefits such as access to easier bank credit lines.

The increased range of company shares traded on the exchange, still has to compete with corporate and government bonds for investors attention. The economy, which suffered from high inflation, tight money, high interest rates, recession and domestic political and social problems in 1979 and 1980, added to the appeal of high yielding, fixed-rate bonds.

Regulations and the structure of the exchange have made it difficult to float new equity shares, since they must be priced at a premium over par value.

New shares also carry the disadvantage of having to pay dividends at rates sometimes artificially high. Because the Government authorities have tried to ensure that investors regard the market as a safe and productive haven for their funds, investors are practically guaranteed a fixed return. Companies are urged to issue dividends based on the par value of their stock, at the same percentage as the interest rate on a one-year time deposit. A company which declines to pay dividends falls into the second tier.

The Korea Stock Exchange is structured into two tiers, as are the Japanese stock exchanges, with companies slated in one or the other according to performance. A first-tier company here must have after-tax profits in excess of 10 per cent of paid-in capital, the auditors' opinion must not be qualified in any material way on the annual report, the company's net worth must equal at least 90 per cent of paid-in capital, and the company must pay a dividend.

The system was devised as a service to investors so that they might better identify companies which presented more risk than those in the first tier. One result of the system is that companies are perceived as losing face in this Confucian society if they drop into the second tier. This causes companies to issue dividends even if they do not have the earnings to back them, in order to keep their first-tier spot. At the end of 1981, there were 216 companies in the first tier and 127, in the second.

Seung Doo Yoon, president of the Korea Stock Exchange, has indicated that as a developing market the exchange has to be strict and cautious in its controls, although he intends that they should be eased in the future. The modern exchange facilities deliver much that computer technology has to offer, compiling hourly reports of the Composite Stock Index, trading and volume, as well as signalling to regulators those stocks which have abnormal volume or price movements. Stock prices are not permitted to rise more than a fixed amount based on the previous day's closing price, and only certain shares are allowed to be traded on margin. Estimates place margin trading at 20 per cent to 30 per cent of total daily volume.

If the market becomes overheated, as the Government thought it did between May and July of last year when stock prices rose 40 per cent in three months, Mr Yoon has stated: "The exchange takes action to cool it off." At that time, the requirement for a cash down payment to purchase stock, as opposed to using shares as collateral, was raised from 20 per cent to 40 per cent. Normal stock transactions are on the basis of three-day settlements.

Last year is generally seen as a healthy one for the market. The Composite Stock index began January at a five-year low of 122, but ended 56 points up, with the market value of listed stocks at 2.96bn won ($4.2bn), to show a growth of 16.8 per cent.

The Stock Exchange, a non-profits corporation with paid-in capital of 3bn won ($4bn) is owned 68 per cent by the Government, with the balance of shares held by 27 securities companies. There is no formal over-the-counter market in Korea. According to the Federation of International Stock Exchanges, Korea ranked 18th in terms of the number of companies listed, 20th in terms of the total value of stock traded, and 19th in terms of the total value of bonds outstanding, in 1980.

The scarcity of institutional investors following companies growth potential means the market misses their stabilising effect and information services. Because dividends are taxed, but capital gains are not, small investors create a lot of churning in the market turning their holdings frequently. The average daily stock trading volume was 10.6m shares last year.

The average daily stock trading volume was 10.6m shares last year, up 87 per cent on 1980, for a turnover ratio of 79 per cent close to 700,000 individuals and institutions hold shares on the exchange, according to the official figures, with the following distribution: individuals 65 per cent; insurance and other companies 23 per cent; banking institutions 6 per cent; security companies and government the remainder. Real holdings, may, however, differ from the above figures, since the exchange has no way at present to be sure an individual does not buy shares on behalf of a third party.

During the first eight months of 1981, the shares of 50 companies accounted for 82 per cent of turnover in terms of value and 75 per cent in terms of volume. More than half were companies engaged in overseas construction, which did very well last year.

There is a lack of knowledge about the market, although now that inteerst rates are falling (to about 15 per cent currently), there is an incentive for more funds to flow into the stock market.

The $30m injected into the market as a result of the sale of beneficiary certificates in the two unit trusts set up in London late last year, had little impact in terms of volume or price, Mr Yoon comments, "but," he says, "their very presence is impressive."

The Korea International Trust marketed by Credit Suisse First Boston has invested 80 per cent of its portfolio in the equities of 39 companies, including 16½ per cent in electronics, 17½ per cent in construction, 10 per cent in finance, 11 per cent in trading houses, 8 per cent in chemicals and 6 per cent in textiles.

The Korea Trust, with private placement led by Merrill Lynch International, has put money chiefly into construction companies, machinery and equipment manufacturers, petrochemicals and wholesaling.

Since much of the market action on stocks reflects the government policy on interest rates and not necessarily companies' potential, overseas investors provide not only a fresh source of capital but an outside barometer of economic performance. None the less, it is unlikely that the Government will permit direct foreign investment in the market much earlier than its target of 1990.

Ann Charters

SOME ACTIVELY TRADED STOCKS

COMPANY	BUSINESS	SALES 1980 $m	PROFIT AFTER TAX $m
Daelim Industrial	Construction	768	47
Dong-A Construction	Construction	738	46
Samboo Construction	Construction	208	20
Korean Air Lines	Transport	847	46
Hyundai Motor Co.	Motor vehicles	341	29
Daewoo Industrial	General trading	1,418	26
Samsung Electronic	Electronics	354	8
Commercial Bank of Korea	Banking	624	47
Hanil Bank	Banking	591	30
Korea First Bank	Banking	551	17

CURRENCIES, MONEY and GOLD

£ and $ firm

Sterling appears to have settled down to a steady level of just over $1.75, which given the present strength of the dollar is roughly in line with a trade-weighted index value of about 90. The absence of any further developments in the Falkland Islands dispute left the market fairly quiet for most of the day, although the pound recorded quite a sharp late rise, possibly reflecting a reversal of positions taken on Wednesday following false rumours of a naval clash in the South Atlantic.

The dollar was firmer as Euro-dollar rates rose and market expectations pointed towards a large rise in the U.S. money supply figures to be announced today.

The Danish krone continued to advance in the European Monetary System.

STERLING — Trade-weighted index (Bank of England) 89.9 against 90.1 at noon, 90.0 in the morning, 90.2 at the previous close, and 88.3 six months ago. Three-month interbank 13⅞ per cent (15 15/16 per cent six months ago). Annual inflation rate 11 per cent (12 per cent previous month)—Sterling opened at $1.7600 and was fairly steady during the morning, touching a low of $1.7515-1.7525. It recovered to $1.7600 in the afternoon, and rose sharply in late trading to a peak of $1.7625-1.7635, before closing at $1.7615-1.7625, a rise of 35 points on the day. The pound rose to DM 4.2725 from DM 4.2550 against the D-mark; to FFr 11.0950 from FFr 11.0550; to SwFr 3.4825 from SwFr 3.4550 in terms of the Swiss franc, and to Y437¼ from Y435½ against the Japanese yen.

DOLLAR — Trade-weighted index 116.5 against 116.2 on Wednesday, and 107.4 six months ago. Three-month Treasury bills 12.90 per cent (13.20 per cent six months ago). Annual inflation 7.7 per cent (8.4 per cent previous month)—The dollar rose to DM 2.4235 from DM 2.4180; to FFr 6.30 from FFr 6.2850; to SwFr 1.9750 from SwFr 1.9625; and to Y248½ from Y247½.

DEUTCHEMARK—EMS member (strongest). Trade-weighted index 123.0 against 123.2 on Wednesday and 124.0 six months ago. Three-month interbank 9.325 per cent (11.50 per cent six months ago). Annual inflation 5.2 per cent (5.8 per cent previous month)—The Deutschemark improved against five members of the EMS at the Frankfurt fixing, losing ground to only the Danish krone. The French franc fell to DM38.46 per 100 francs from DM 38.475, the Belgian franc to DM 5.293 per 100 francs from DM 5.30, and the Dutch guilder to DM 90.14 per 100 guilders from DM 90.175. Outside the EMS the Swiss franc declined to DM 1.2279 from DM 1.2333. Sterling was unchanged at DM 4.2630. Firmer U.S. interest rates, and expectations of an increase in this week's figure on U.S. money supply, pushed the dollar up to DM 2.4238 from DM 2.4162 at the fixing. In the afternoon the U.S. currency held steady at around DM 2.4235.

EURODOLLAR interest rates were firmer yesterday, and Eurosterling rates also showed an upward trend, but other rates were little changed. Against this background most currencies strengthened in terms if the dollar in forward trading, although forward rates against the pound were fairly steady as sterling lost ground in spot trading. Among the weaker members of the EMS Eurolira rates edged up, while Euro-French franc rates fell slightly, and Euro-Belgian franc rates were steady. Premiums against the Deutschemark, Swiss franc and Japanese yen widened in the forward market.

THE POUND SPOT AND FORWARD

April 15	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.7615-1.7635	1.7615-1.7625	0.32-0.42c dis	−2.52	0.76-0.86dis	−1.84
Canada	2.1410-2.1540	2.1510-2.1520	0.43-0.53c dis	−2.68	1.12-1.22dis	−2.17
Nethlnd.	4.71-4.74	4.72¾-4.73¾	2⅛-1⅞c pm	4.75	6⅝-6⅜ pm	5.39
Belgium	80.20-80.75	80.65-80.75	25-40c dis	−4.83	80-100 dis	−4.46
Denmark	14.41-14.50	14.45⅝-14.46⅝	8½-9½ore dis	−7.18	17⅞-19⅜ dis	−5.15
Ireland	1.2250-1.2360	1.2345-1.2355	0.63-0.76p dis	−6.75	1.88-2.02dis	−6.31
W. Ger.	4.25-4.28	4.26¾-4.27¾	1⅝-1¼pf pm	3.86	5-4½ pm	4.45
Portugal	126.50-127.75	127.25-127.75	160-380c dis	−25.41	380-985dis	−21.41
Spain	187.40-188.50	188.00-188.20	70-100c dis	−5.42	205-250 dis	−4.84
Italy	2,336-2,350	2,347½-2,349½	19-22 lire dis	−10.47	63-67 dis	−11.07
Norway	10.73-10.80	10.78¾-10.79¾	5⅜-6⅜ore dis	−6.81	7¾-9 dis	−3.10
France	11.05-11.11	11.09-11.10	8-11c dis	−10.27	24-27 dis	−9.19
Sweden	10.46-10.55	10.53¾-10.54¾	⅜ore pm-par	0.35	2¾-2 pm	0.90
Japan	434-440	437-438	2.45-2.15y pm	6.31	7.40-7.07 pm	6.61
Austria	29.80-30.05	29.98-30.03	12-8½gro pm	4.10	35½-28½ pm	4.26
Switz.	3.45½-3.49	3.47¾-3.48¾	2¾-2⅜c pm	8.61	7½-7 pm	8.33

Belgian rate is for convertible francs. Financial franc 89.90-90.00. Six-month forward dollar 1.40-1.50c dis, 12-month 2.30-2.45c dis.

THE DOLLAR SPOT AND FORWARD

April 15	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7515-1.7635	1.7615-1.7625	0.32-0.42c dis	−2.52	0.76-0.88dis	−1.84
Ireland†	1.4255-1.4300	1.4270-1.4285	0.57-0.47c pm	4.37	1.65-1.55 pm	4.48
Canada	1.2210-1.2235	1.2215-1.2220	0.03c pm-0.01 dis	0.10	0.09-0.14dis	−0.38
Nethlnd.	2.6840-2.6915	2.6840-2.6870	1.70-1.60c pm	7.36	4.90-4.80 pm	7.21
Belgium	45.79-45.83	45.80-45.82	5-10c dis	−1.96	22-30 dis	−2.27
Denmark	8.2075-8.2325	8.2100-8.2200	3.00-3.30ore dis	−4.60	6.50-7.00dis	−3.28
W. Ger.	2.4200-2.4260	2.4230-2.4240	1.30-1.25pf pm	6.31	3.84-3.79 pm	6.30
Portugal	72.20-72.70	72.25-72.65	80-200c dis	−23.19	185-525dis	−19.60
Spain	106.75-107.15	106.75-106.80	22-32c dis	−3.03	70-90 dis	−2.99
Italy	1,331½-1,333¾	1,332½-1,333½	9-11 lire dis	−9.00	29-32 dis	−9.15
Norway	6.1200-6.1315	6.1200-6.1300	1.70-2.00ore dis	−3.62	1.60-1.80dis	−1.08
France	6.2975-6.3100	6.2975-6.3025	3-4c dis	−6.66	10½-12 dis	−7.14
Sweden	5.9650-5.9825	5.9650-5.9750	1.50-1.35ore pm	2.86	4.25-4.10 pm	2.79
Japan	248.00-248.60	248.20-248.30	1.82-1.74y pm	8.60	5.28-5.18 pm	8.43
Austria	17.01-17.04	17.03-17.04	10½-9gro pm	6.87	29¾-26¾ pm	6.52
Switz.	1.9680-1.9785	1.9745-1.9755	1.91-1.83c pm	11.36	5.07-4.99 pm	10.19

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

April 15	Bank of England Index	Morgan Guaranty Changes%
Sterling	89.9	−33.2
U.S. dollar	116.5	+8.3
Canadian dollar	89.0	−17.5
Austrian schilling	116.6	+25.4
Belgian franc	94.5	−2.3
Danish kroner	83.3	−13.4
Deutsche mark	123.0	+46.8
Swiss franc	150.5	+101.8
Guilder	114.0	+21.5
French franc	78.7	−15.0
Lira	54.0	−58.4
Yen	133.8	+27.8

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

April 14	Bank rate %	Special Drawing Rights	European Currency Units
Sterling	—	0.629446	0.561821
U.S. $	12	1.11155	0.991895
Canadian $	15.40	1.36029	1.21438
Austria Sch.	6½	18.9541	18.8275
Belgian F	14	50.6664	45.2131
Danish Kr.	11	9.11140	8.13205
D mark	7½	2.68524	2.39603
Guilder	8	2.97786	2.65719
French Fr.	9½	6.98095	6.22652
Lira	19	1476.15	1317.49
Yen	5½	274.226	244.651
Norwgn. Kr.	9	6.78813	6.05651
Spanish Pts.	8	118.690	105.934
Swedish Kr.	10	6.60753	5.89731
Swiss Fr.	5½	2.17802	1.94193
Greek Dr'ch.	20½	—	63.1441

OTHER CURRENCIES

April 15	£	$		£ Note Rates
Argentina Peso	20,479-20,499†	11,650-11,700†	Austria	29.75-30.05
Australia Dollar	1.6795-1.6815	0.9545-0.9550	Belgium	88.60-89.60
Brazil Cruzeiro	263.17-264.17	149.87-150.62	Denmark	14.41-14.55
Finland Markka	8.149-8.159	4.6445-4.6465	France	11.04-11.14
Greek Drachma	115.165-115.466	65.75-65.95	Germany	4.24½-4.28½
Hong Kong Dollar	10.23-10.24½	5.8275-5.8325	Italy	2300-2365
Iran Rial	146.00*	82.75*	Japan	436-441
Kuwait Dinar (KD)	0.502-0.508	0.2874-0.2876	Netherlands	4.70¼-4.74¼
Luxembourg Fr.	80.65-80.75	45.80-45.82	Norway	10.74-10.84
Malaysia Dollar	4.1325-4.1425	2.3540-2.3560	Portugal	125-135
New Zealand Dlr.	2.3075-2.3115	1.3115-1.3130	Spain	181-193¼
Saudi Arab. Riyal	5.99-6.05	3.4305-3.4325	Sweden	10.44-10.54
Singapore Dollar	3.7725-3.7825	2.1495-2.1515	Switzerland	3.45½-3.49½
Sth. African Rand	1.8640-1.8650	1.0580-1.0585	United States	1.74⅝-1.76¾
U.A.E. Dirham	6.41-6.47	3.6715-3.6735	Yugoslavia	92-98

† Now one rate. * Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU April 15	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.6963	45.2364	+1.21	+1.21	±1.5440
Danish Krone	8.18382	8.13084	−0.65	−0.65	±1.6428
German D-Mark	2.41815	2.39459	−0.97	−0.97	±1.1097
French Franc	6.19564	6.22880	+0.54	+0.54	±1.3743
Dutch Guilder	2.67296	2.65594	−0.64	−0.64	±1.5069
Irish Punt	0.686799	0.691927	+0.75	+0.75	±1.6689
Italian Lira	1305.13	1316.60	+0.88	+0.88	±4.1242

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

Sterling/ECU rate for April 15 .... 0.562043

EXCHANGE CROSS RATES

April 15	Pound St'rling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canadia Dollar	Belgian Franc
Pound Sterling	1	1.768	4.273	437.5	11.095	3.483	4.733	2349.	2.159	80.70
U.S. Dollar	0.566	1.	2.425	248.3	6.297	1.976	2.686	1333.	1.221	45.80
Deutschemark	0.234	0.412	1.	102.4	2.597	0.815	1.108	549.7	0.504	18.89
Japanese Yen 1,000	2.286	4.027	9.766	1000.	25.36	7.960	10.82	5368.	4.918	184.5
French Franc 10	0.901	1.588	3.851	394.3	10.	3.139	4.265	2117.	1.939	72.74
Swiss Franc	0.287	0.506	1.227	125.6	3.186	1.	1.359	674.4	0.618	23.17
Dutch Guilder	0.211	0.372	0.903	92.45	2.344	0.736	1.	496.2	0.455	17.05
Italian Lira 1,000	0.426	0.750	1.819	186.3	4.724	1.483	2.015	1000.	0.916	34.36
Canadian Dollar	0.465	0.819	1.986	203.3	5.157	1.619	2.200	1092.	1.	37.51
Belgian Franc 100	1.239	2.183	5.294	542.1	13.75	4.315	5.864	2910.	2.666	100.

FT LONDON INTERBANK FIXING (11.00 a.m. APRIL 15)

3 months U.S. dollars		6 months U.S. dollars	
bid 15 1/2	offer 15 5/8	bid 15 1/2	offer 15 5/8

The fixing rates are the arithmetical means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

April 15	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	12½-12¾	15¼-15½	14-15	8½-8¾	3½-4	9¼-9⅜	18-20	18-21	13-15	13-14	6½-6⅝	21½-23
7 days' notice	12¾-13	15⅜-15⅝	14-15	8¼-8½	3-3½	9¼-9⅜	19-21	21½-25	14-18	14-14½	6 7/16-6 9/16	21-22½
Month	13⅜-13½	15⅜-15⅞	15¾-16⅛	8⅛-8¼	4 1/16-4 3/16	9¼-9⅜	21-22	24-26	15¾-18½	14⅝-14⅞	6 9/16-6 11/16	20⅝-21⅞
Three months	13⅞-14	15⅜-15⅝	15¾-16⅛	8 3/16-8 5/16	5⅛-5¼	9⅛-9¼	21½-22½	24⅜-25½	17½-18½	14⅝-14⅞	6⅞-7	20⅛-21⅝
Six months	13⅞-14	15⅜-15⅝	16-16⅜	8 5/16-8 7/16	5⅝-5¾	9-9⅛	21½-22½	24-25	17-18	14⅝-14⅞	6 9/16-6 11/16	18⅞-20⅜
One Year	13⅞-14	15⅛-15⅜	16⅜-16¾	8⅝-8¾	6⅛-6¼	8 15/16-9 1/16	19-20	23¾-24½	16-17	14⅝-14⅞	6 9/16-6 11/16	17½-19

SDR linked deposits: one month 13 11/16-14 1/16 per cent; three months 13⅞-14¼ per cent; six months 14-14⅜ per cent; one year 13 13/16-13 11/16 per cent.

ECU linked deposits: one month 14 5/16-14 11/16 per cent; three months 14½-14⅞ per cent; six months 14⅛-14½ per cent; one year 13⅝-14 per cent.

Asian $ (closing rates in Singapore): one month 15½-15⅝ per cent; three months 15½-15⅝ per cent; six months 15½-15⅝ per cent; one year 15¼-15⅜ per cent. Long-term Eurodollar two years 15¼-15½ per cent; three years 15⅜-15⅝ per cent; four years 15½-15¾ per cent; five years 15⅝-15⅞ per cent nominal closing rates. Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen; others two days' notice.

The following rates were quoted for London dollar certificates of deposit: one month 15.03-15.15 per cent; three months 15.05-15.15 per cent; six months 15.00-15.10 per cent; one year 15.00-15.10 per cent.

MONEY MARKETS

UK rates rise

London clearing bank base lending rate 13 per cent (since March 12)

Interest rates were generally firmer yesterday in the London money market. Lack of progress towards resolving the Falkland Islands crisis continued to undermine market confidence. Three-month sterling CDs rose to 13⅞ per cent from 13 11/16 per cent and discount houses buying rates on three-month eligible bank bills rose to 13 5/16 per cent from 13¼ per cent. In the interbank market overnight money opened at 12-12¼ per cent and firmed to 12½-12¾ per cent ahead of the forecast and then rose further to 12¾-12⅞ per cent. By late morning the rate had fallen back to 12½-12¾ per cent but then rose to 13½ per cent, fell back to 12 per cent before climbing sharply to 25 per cent. Funds were in better supply later in the afternoon and rates fell to 12 per cent but late balances were taken at 30 per cent.

A shortage of £750m was forecast by the Bank of England in the money market, with bills maturing in official hands —£468m and Exchequer transactions —£350m. The Bank gave assistance in the morning of £604m comprising purchases of £45m of eligible bank bills in band 2 (15-33 days) at 13 per cent and in band 3 (34-63 days) £236m of eligible bank bills at 12⅞-12 15/16 per cent. In band 4 (64-91 days) it bought £29m of Treasury bills at 12⅞ per cent and £32m of local authority bills (64-84 days) at 12 15/16 per cent and £262m of eligible bank bills at 12⅞-13 per cent. Further assistance in the afternoon came to £189m, making a grand total of £793m. The afternoon help comprised purchases of £3m of eligible bank bills in band 2 at 13 per cent, £46m in band 3 at 12⅞-12 15/16 per cent and £140m in band 4 at 12 15/16-13 per cent.

In Paris call money fell to 16¾ per cent from 17 per cent the first reduction this month and an indication of the slight reduction in pressure on the French franc within the European Monetary System.

MONEY RATES

NEW YORK	
Prime rate	16½
Fed. funds (lunch-time)	15¾-16
Treasury bills (13-week)	12.90
Treasury bills (26-week)	13.03
GERMANY	
Special Lombard	9.50
Overnight rate	9.50
One month	9.425
Three months	9.325
Six months	9.25
FRANCE	
Intervention rate	17.0
Overnight rate	16.75
One month	16.5625
Three months	16.4125
Six months	15.50
JAPAN	
Discount rate	5.50
Call (unconditional)	7.15625
Bill discount (three-month)	7.03125

GOLD

Slight fall

GOLD FELL $1¼ to $362¾-$363¾ in the London bullion market yesterday. The metal opened at $364-$365, and was fixed at $362.50 in the morning, and $363.25 in the afternoon. The opening level was the high point of the day, and the lowest price quoted was $360½-$361½.

In Paris the 12½ kilo gold bar was fixed at FFr 73,500 per kilo ($362.70 per ounce) in the afternoon, compared with FFr 73,500 ($362.51) in the morning, and FFr 73,500 ($363.94) on Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 28,290 per kilo ($363.01 per ounce), against DM 28,505 ($366.98), and closed at $363-$364 compared with $366½-$367½.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $362.55 per ounce, compared with $363.75.

In Zurich gold finished at $362-$365 against $365-$368.

	April 15		April 14	
Gold Bullion (fine ounce)				
Close	$362¾-363¾	(£206½-207)	$364½-365½	(£206½-207)
Opening	$364-365	(£207-207½)	$363¾-364¾	(£206¼-206¾)
Morning fixing	$362.50	(£206.060)	$364.75	(£206.692)
Afternoon fixing	$363.25	(£206.921)	$366.75	(£207.673)
Gold Coins				
Krugerrand	$373¼-374¼	(£212-212¾)	$374½-375½	(£213-213½)
1/2 Krugerrand	$192½-193½	(£109¼-110)	$193½-194½	(£110-110½)
1/4 Krugerrand	$98-99	(£55¾-56¼)	$98½-99½	(£56-56½)
1/10 Krugerrand	$40-41	(£22¾-23¼)	$40-41	(£22¾-23¼)
Mapleleaf	$373¼-374¼	(£212-212¾)	$374½-375½	(£213-213½)
New Sovereigns	$87¾-88¾	(£49¾-50¼)	$88½-89	(£50¼-50¾)
King Sovereigns	$102½-103½	(£58½-59)	$105-106	(£59¾-60)
Victoria Sovs	$102½-103½	(£58½-59)	$105-106	(£59½-60)
French 20s	$81-91	(£46-51¾)	$83-93	(£47¼-52¾)
50 pesos Mexico	$448¼-451½	(£254¾-256½)	$449½-452¾	(£255¾-257½)
100 Cor. Austria	$352½-355	(£200¼-201¾)	$353½-356	(£201-202½)
$20 Eagles	$449-453	(£255-257¼)	$453-458	(£257¾-260½)

LONDON MONEY RATES

April 15 1982	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	12-30	13½	—	—	12⅞-12¾	11-12¼	—	—	—
2 days notice	—	—	12½-12⅝	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	12⅝-12⅞	12⅝-12⅞	—	—	12⅞-13	12	—	—	—
One month	13 5/16-13¼	13¼-13⅜	13¼	14¼-14	13⅜	13½-13¾	12⅝-12¾	13⅛	13⅛	13¾
Two months	13¾-13⅝	13⅜-13¾	—	14¼-14	13⅝	14	12⅝-12¾	13-13 1/16	13¼	13⅞
Three months	13 13/16-13⅝	13 11/16-13 13/16	13¾	14⅛-13⅞	14	14¼	12¾-12⅞	12 15/16	13¼-13 5/16	13⅞
Six months	14-13⅞	13 15/16-14	13⅞	13¾-13½	14	—	—	—	13½-13¼	13¾
Nine months	14-13⅞	13 15/16-14	—	14¼-13⅞	14	—	—	—	—	—
One year	14-13⅞	13⅞-14	14	14⅛-13⅞	14	—	—	—	—	—
Two years	—	—	14	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 14⅝ per cent; four years 14¾ per cent; five years 14⅞ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 13⅛-13⅜ per cent; four months trade bills 13 13/16 per cent.

Approximate selling rates for one month Treasury bills 13 per cent; two months 12⅞ per cent; three months 12¾-12 25/32 per cent. Approximate selling rate for one month bank bills 12 29/32-13 per cent; two months 13 1/32-13⅛ per cent and three months 13⅛ per cent; one month trade bills 13½ per cent; two months 13⅝ per cent; three months 13¾ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 14½ per cent from April 1 1982. Clearing Bank Deposit Rates for sums at seven days' notice 10-10½ per cent. Clearing Bank Rates for lending 13 per cent. Treasury Bills: Average tender rates of discount 12.7621 per cent.

Certificates of Tax Deposit (Series 5) 13¼ per cent from March 3. Deposits withdrawn for cash 11 per cent.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED TRUSTS

Abbey Unit Tst. Mngrs. (a)

Allen Harvey & Ross Unit Tst. Mngrs.

Allied Hambro Ltd. (a) (g)

Anderson Unit Trust Managers Ltd.

Ansbacher Unit Mgmt. Co. Ltd.

Anthony Wieler Unit Trust Mgmt. Ltd.

Arbuthnot Securities Ltd. (a)(c)

Archway Unit Tst. Mgs. Ltd. (a)(c)

Arkwright Management

Barclays Unicorn Ltd. (a)(c)(g)

Baring Brothers & Co. Ltd.

Bishopsgate Progressive Mgmt. Co.

Bridge Fund Managers (a)(c)

Britannia Gp. of Unit Trusts Ltd. (a)(c)(g)

Brown Shipley & Co. Ltd. (a)(g)

Buckmaster Management Co. Ltd.

Canada Life Unit Trust Mngrs. Ltd.

Capel (James) Mngt. Ltd.

Carr, Sebag Unit Trust Managers(a)

Charinco Charities N/R Fund

Charities Official Invest. Fund

Chieftain Trust Managers Ltd (a)(g)

Chocolarte Fund Managers(g)

Confederation Funds Mgt. Ltd. (a)

FINANCIAL TIMES SURVEY

Friday April 16 1982

Ireland

Economic issues dominate the Republic, as never before. Anti-inflation policies are bound to impinge on employment and, with Ireland's growing population and workforce, difficult choices have to be made, particularly for a Government without an overall majority

Mr Charles Haughey, the Irish Prime Minister — the problems of governing without an overall majority are most apparent in the country's economic issues

Republic facing tough decisions

THE Irish Republic has had two general elections and three budgets in the past 11 months and, although Mr Charles Haughey's minority government looks increasingly comfortable, it would be a brave man who would predict how long it will be until the next poll.

These events, and the arguments about the economy which surrounded them, drew rather more attention to Ireland's problems than many would wish. If the image of Europe's most dynamic economy is not to be seriously damaged, some progress will have to be made in correcting the economic imbalances.

BY BRENDAN KEENAN

Events in Northern Ireland, and the consequent effects on Anglo-Irish relations, have also been moving with remarkable speed. From the end of the hunger strikes, in the middle of last year, relations improved from previously unplumbed depths, to reach new levels of warmth as Dr Garret FitzGerald advocated rapprochement with the Ulster Unionists.

In the last two months, one of the periodic chills has set in. The "special relationship" which Mr Haughey was claiming when last in power has gone and, for the first time, the British Government is launching an Irish initiative in the face of downright hostility from Dublin.

In the Republic itself, economic issues dominate as never before. It is here that the problems of governing without an overall majority are most apparent. The measures which need to be taken are not the kind which tempt Independents into the Government lobbies.

Dr FitzGerald's response to this problem was to govern as if he had a majority, and do what seemed necessary. It was a bold strategy and began well, but Dr FitzGerald may have become over-confident at its success.

Although Government sources were stressing the difficulties of getting last January's budget through, little attempt was made to consult the vital Independents and seek their support. The admirable objective of not bargaining away the right to govern turned into parliamentary insensitivity.

Indeed, Dr FitzGerald's position as party leader might have been distinctly shaky but for his successes in the subsequent campaign. It became clear that he is a major vote-getter and remarkably successful at persuading people that harsh medicine is good for them.

Nevertheless, it was Mr Haughey who returned, at the head of another minority administration, but his approach will be radically different. The fear is that the economy will now take very much second place to the objective of keeping the government in office.

So far the signs are mixed, but hardly encouraging. Mr Haughey committed at least I£50m; and anything up to I£150m, to secure the vote of Dublin Independent, Mr Tony Gregory.

At the same time, Mr Haughey's reported comment to Mr Gregory: "You are pushing an open door," has proved correct. Even rural MPs have found it hard to argue against the spending of money on inner Dublin's apalling problems of decay and neglect.

But on top of this have come purely political decisions like the nationalisation of Clondalkin Paper Mills and the completion of a substantial airport to serve the supposed needs of Connaught. With signs that the current budget deficit is again running ahead of target, there is little evidence of hard pruning of Government spending.

Perhaps the political sensation of the year was the decision of Mr Richard Burke, an opposition MP, to return to Brussels as EEC Commissioner.

Reflection

At one stroke—and without any need for the spending of public money—Mr Haughey gave himself a comfortable position in the Dail (parliament), even though he is still one short of a majority.

The fact that Mr Burke went, even after a week's thought, is held by many to be another reflection on Dr FitzGerald's political skills. He made little attempt to accommodate those who are not his natural supporters when in office and at least one of the chickens has come home, unpleasantly, to roost.

There may even be more, as backbenchers begin to contemplate the likelihood of another long spell in opposition, after such a tantalisingly short term of office.

A more settled political situation would at least allow attention to return to the country's economic problems. In particular, economists and bankers are now being joined by farmers and industrialists in seeing inflation — still running at around 20 per cent — as the problem which must be tackled.

This has not always been the popular view. There was little murmur when Mr Haughey stood alone against the combined weight of other EEC heads of government in declaring that unemployment was the problem.

It would, of course, have been in Ireland's interests if the major economies had reflated but, now that their inflation rates—especially the UK's—are coming down to half the Irish rate, Ireland will have to follow suit if its competitive position is not to be seriously eroded.

Even Dr FitzGerald, although he was committed to a restoration of financial rectitude, was concentrating on indirect taxes, despite their effects on the inflation rate.

Anti-inflation policies are bound to impinge on employment and, with Ireland's growing population and workforce, it is a difficult choice even for a secure government.

There will be difficult choices to make on Northern Ireland, as Mr James Prior develops his initiative to restore some form of government to the province. At the time of writing, the details are still being studied, but Dublin reaction is bound to be conditioned by the attitude of the SDLP, which, after all, represents most of Northern Ireland's Catholics.

Differences

At the same time, there is a deeper difference in fundamental attitudes to the Northern Ireland problems between Mr Haughey and Dr FitzGerald than has traditionally been the case with Irish political leaders.

Mr Haughey is genuinely convinced that a solution can only be found by by-passing, at least for the present, the politicians in Northern Ireland. His hopes that he might have convinced Mrs Thatcher have been dashed by the Prior initiative.

Yet, by all accounts, Mrs Thatcher is still dubious about the initiative. Mr Haughey's mistake, in retrospect, may have been in to let her see too clearly what was his final objective.

Dr FitzGerald turned the Anglo-Irish process begun by Mr Haughey towards another objective—the amelioration of Unionist fears by promoting closer contact and co-operation, particularly on the security front.

This was to go hand-in-hand with attempts to make the Republic look less threatening, though changes in the constitutional claim to Northern Ireland and, for example, the prohibition of divorce.

For the moment, the Anglo-Irish process is dead and Mr Haughey, far from proposing constitutional deletions, proposes to add another prohibition—on abortion.

The spotlight could, however, swing back to the London/Dublin axis. If the Prior initiative is successful, it will be necessary to incorporate an Irish dimension. If it fails, the two governments may have to start talking again, for want of anything better to do.

CONTENTS

The rapid deterioration in Ireland's current budget deficit has been checked

Few signs of economic improvement

OF THE Irish economy in 1982 it might be said, as it was of Queen Victoria, "She is neither better nor worse, she is much the same."

The efforts, particularly of Dr Garret FitzGerald's seven-month minority government, to halt the rapid deterioration in the country's current budget deficit and balance-of-payments gap, appear to have succeeded in stemming the tide. Actual improvement, though, seems a more distant prospect and may require more radical policies.

This seemed clear from last month's budget, which had to be rushed in by the new government — also in a minority — of Mr Charles Haughey. Although the new finance minister, Mr Ray McSharry, claimed he was improving on Dr FitzGerald's current budget deficit target, he admitted on his own figures that total government borrowing would rise slightly.

The first quarter's Exchequer returns were particularly worrying, suggesting that the Government had already run up 60 per cent of the total targeted deficit of I£679m. Even though expenditure is loaded towards the first half of the year, it will clearly be difficult to meet the target, once again.

Even so, some economists are beginning to worry that Dr FitzGerald's successful efforts in focusing attention on the budget deficit may have blinded people to other important indicators.

In particular, Dr Anton Murphy, of Trinity College Dublin, wants to see more stress on the Public Sector Borrowing Requirement (PSBR), which is rarely mentioned in Irish economic comment. If this figure, which includes the borrowings of Ireland's state industry, is examined, there is little sign of improvement.

Even Mr McSharry's projected Government borrowing figure of I£1.7bn, or 14 per cent of GNP, concealed some fancy footwork, which may have the effect of transferring public borrowing to the private sector.

This is because much of the revenue in the budget comes from the bringing forward of the dates for payment of corporation tax and VAT. As such, they are not new revenues and, to the extent that companies borrow to meet the imposts, conceal the Government's appetite for funds.

This pressure on the corporate sector, added to the I£20m levy on the banks this year, has increased fears that the present record interest rates may be pushed even higher.

At present, prime rates are 19 per cent, while ordinary overdrafts are as high as 22 per cent. This is putting severe strains on industry, which has been calling for an exchange rate guarantee scheme, to enable firms to borrow safely in foreign currencies at lower, European interest rates.

Until now it was possible to argue that Ireland's economic problems were largely in the public sector, and that the underlying real economy was sound, and capable of responding quickly to any upturn in world trade.

Exports

During 1981, for example, the volume of industrial exports increased by 9 per cent, against a background of only 2 per cent growth in the domestic economy and in world manufactures generally.

Much of this success was due to the activities of the foreign-owned firms established in Ireland. The performance of indigenous industry was much more sluggish. Nevertheless, after a fall in manufacturing investment last year of almost 30 per cent, an investment survey taken among existing firms at the end of last year, suggested a growth of 17½ per cent in 1982.

This year, though, may be the first in which the recession begins to show in new foreign investment in Ireland. The figure for job approvals negotiated by the IDA may fall for the first time since 1976.

The question is, how long the Irish situation of 20 per cent inflation and 20 per cent interest rates—well above those of competitors—and a fixed exchange rate, begins to damage Irish industry and the underlying strength of the "real" economy?

Some believe it is already happening. In a well-publicised interview, the managing director of IDA, Mr Padraic White, warned that over 300 firms, employing 12,000 people, were being monitored by his organisation's rescue unit.

Even the foreign-owned firms, which are relatively shielded from domestic factors, have begun to complain about the rises in postal and telephone charges, electricity tariffs and wage rates. Irish inflation has been blamed for the closure of Filedcrest in Kilkenny and the troubles of Travenol in Mayo.

It is in this context that the once-taboo subject of devaluation has become a common item of discussion among industrialists, bankers and economists. At one time only the farmers, whose prices are rigidly fixed in Brussels, publicly advocated devaluation.

Now, as the competitive pressures on manufacturing grow stronger, they have found new allies. The Government, however, has set its face firmly against such a move.

It is easy to see why. Total public sector external debt last year was I£4.8bn and any devaluation would greatly worsen the government's financial problems. Nor is there much reason to suppose that devaluation provides much of a solution to the problems of a small, open economy.

Its main export markets, particularly the UK, are still sluggish. In addition, much of the country's imports are items which cannot easily be switched —if at all—to domestic production. So the net result of a devaluation might be an increase in the inflation rate with little improvement in the balance-of-payments deficit.

The Irish punt is such a highly-managed currency that the rate can be defended with remarkable success. Otherwise, market forces would already have brought about a devaluation. But the corollary — that there must be an alternative policy to exchange rate movement—does not seem to have sunk in.

In particular, the need for a vigorous attack on public spending—from which most of the problems of excess demand are flowing—is still not evident in government actions. Mr McSharry's budget, whatever else it did, added new expenditures to the Government programme.

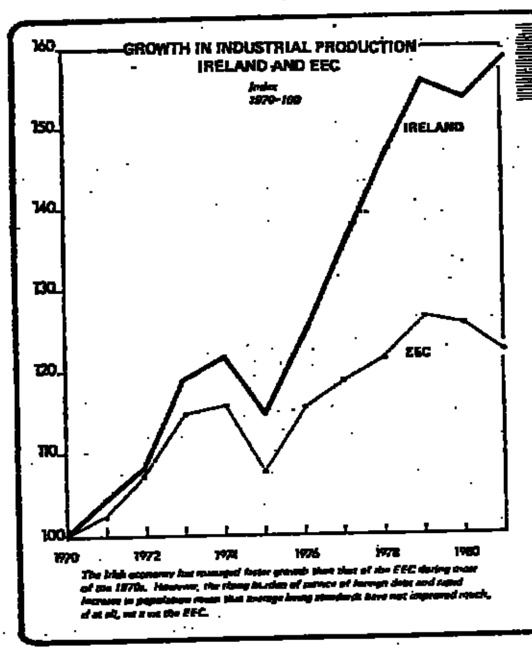
Since then, Mr Haughey has added another, in the form of a rent subsidy promise, whose details and final cost no-one can begin to calculate.

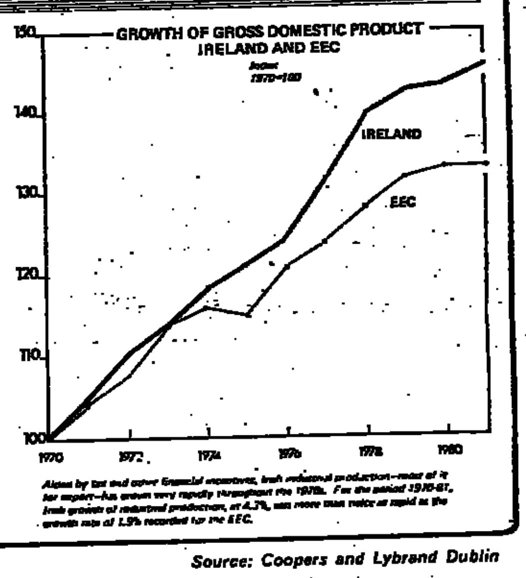
Those looking for silver linings will point to the relative success of the first free pay-round in 11 years. The public sector deal of 15 per cent over 15 months, which was criticised as too generous, now looks better as more and more workers in the private sector settle for similar deals.

There should also be a sharp improvement in the balance of trade, due to another healthy export performance. However, the payment of interest on new foreign debt will add I£200m to the balance of payments deficit. Estimates for the final outcome vary between 10 and 12 per cent of GNP, as compared with 13 per cent last year.

The fall in oil prices could be the biggest boost to a country still so heavily dependent on imported oil and the fall has become more marked since the last economic forecasts were published.

Brendan Keenan





Source: Coopers and Lybrand Dublin

MONEY SUPPLY M1
Currency and current accounts

	1980 I£m	1980 Yr. to Yr. % change	1981 £m	1981 Yr. to Yr. % change
Jan.	1,261.3	7.0	1,432.7	13.6
Feb.	1,235.3	7.3	1,401.3	13.4
March	1,277.9	1.5	1,463.6	14.5
April	1,265.0	3.0	1,458.4	15.3
May	1,255.1	−0.3	1,464.8	16.7
June	1,310.4	−0.8	1,507.9	15.1
July	1,289.6	−2.1	1,481.5	14.9
Aug.	1,315.0	−0.2	1,533.1	16.6
Sept.	1,382.7	6.7	1,543.0	11.6
Oct.	1,386.3	9.7	1,506.5	8.7
Nov.	1,402.3	12.9	1,536.0	9.5
Dec.	1,491.6	10.3	1,614.4	8.2
Avge.	1,322.7	4.5	1,495.3	13.0

Jan. 1982 figures:
£m: 1,577.4
Yr. to yr. % change: 10.1

MONEY SUPPLY M2
M1 and associated bank deposits

	1980 I£m	1980 Yr. to Yr. % change	1981 £m	1981 Yr. to Yr. % change
Jan.	3,665.6	12.8	4,459.8	21.7
Feb.	3,633.7	12.1	4,443.0	22.3
March	3,776.2	10.0	4,633.1	22.7
April	3,753.2	10.1	4,621.4	23.1
May	3,752.4	8.6	4,642.7	23.7
June	3,853.0	8.3	4,704.5	22.1
July	3,836.3	8.0	4,712.1	22.8
Aug.	3,928.9	10.2	4,793.5	22.0
Sept.	4,093.1	14.5	4,789.5	17.0
Oct.	4,137.5	15.9	4,760.2	15.1
Nov.	4,350.3	19.8	4,959.0	14.0
Dec.	4,492.4	19.5	5,064.2	12.7
Avge.	3,939.4	12.6	4,715.3	19.7

Jan. 1982 figures:
£m: 5,052.0
Yr. to yr. % change: 13.3

MONEY SUPPLY M3
M2 and non-associated banks' deposits less interbank balances

	1980 I£m	1980 Yr. to Yr. % change	1981 £m	1981 Yr. to Yr. % change
Jan.	4,901.1	16.6	5,881.1	20.0
Feb.	4,843.6	16.3	5,968.7	23.2
March	5,003.1	14.6	5,950.5	18.9
April	5,010.9	13.4	5,985.1	19.4
May	4,970.5	9.4	6,007.5	20.9
June	5,103.7	9.2	6,020.4	18.0
July	5,122.4	8.6	6,170.3	20.5
Aug.	5,267.2	12.9	6,332.5	20.2
Sept.	5,447.8	16.3	6,395.1	17.4
Oct.	5,491.6	14.8	6,337.2	15.4
Nov.	5,810.1	20.2	6,420.5	10.5
Dec.	5,828.6	16.9	6,615.9	13.5
Avge.	5,233.4	14.1	6,173.7	18.0

Jan. 1982 figures:
£m: 6,655.4
Yr. to yr. % change: 13.2

MONEY SUPPLY M4
M3 and Govt. deposits with central banks

	1980 I£m	1980 Yr. to Yr. % change	1981 £m	1981 Yr. to Yr. % change
Jan.	5,067.4	15.8	5,918.4	16.8
Feb.	4,971.8	11.3	6,047.8	21.6
March	5,005.6	7.5	5,971.7	19.3
April	5,048.0	11.6	6,022.1	19.3
May	5,006.6	9.2	6,053.9	20.9
June	5,126.3	7.5	6,044.9	17.9
July	5,198.5	8.7	6,213.0	19.5
Aug.	5,377.6	12.7	6,379.0	18.6
Sept.	5,464.7	14.7	6,407.5	17.3
Oct.	5,535.4	15.5	6,383.0	15.3
Nov.	5,853.8	19.9	6,471.8	10.6
Dec.	5,966.8	15.6	6,745.8	12.1
Avge.	5,301.9	12.5	6,221.6	17.3

Jan. 1982 figures:
£m: 6,704.5
Yr. to yr. % change: 13.3

The political scene

Parties prepare for big changes

THERE IS a theory, fashionable in some quarters at the moment, that Irish politics are undergoing a profound change. The argument runs that the two major parties, with their origins in the civil war of 1922, are finding it increasingly difficult to remain relevant to Ireland's young population.

It is easy to see why such views are current. In the past year the Republic has had two general elections, producing two hung parliaments, and a whole series of splits and wrangles involving all three main political parties.

To that can be added the arrival of the marxist-orientated Sinn Fein, the Workers' Party (SFWP), with three seats in the 166-seat parliament, and the success of Independents, who hold another three seats.

And yet, things could have turned out very differently. Had Mr Charles Haughey, the present Prime Minister, been able to hold an election last spring, when he wanted to, he would probably have been elected with a narrow majority and none of the dramatic events of the past 10 months would have occurred.

Instead, the hunger-strikes in Northern Ireland and then the Stardust disco tragedy, in which 48 young people died, upset Mr Haughey's timetable and forced him into a summer poll.

By that time, the lead which Mr Haughey worked so hard—and so expensively—to maintain had just slipped away and Dr Garret FitzGerald was elected at the head of a minority coalition government.

That government fell seven months later, after some particularly maladroit handling of the parliamentary situation by Dr FitzGerald. His campaigning, though, could not be faulted and, against all the odds, he denied Mr Haughey an overall majority, although the latter was able to form an administration.

Even if this is a tale of what-might-have-been, there is some evidence to support the contention that all is not well with the party system. Polls taken during the general election campaign showed a high proportion (over 50 per cent) dissatisfied with all the parties and suspicious of the politicians.

In addition, the election was, to a high degree, a contest between the two main leaders. This was partly because of the sharp contrast in the personalities and policies of Mr Haughey and Dr FitzGerald, but it undoubtedly reflected a lack of ideological and policy differences between the major parties.

Foreigners are often baffled by what exactly Fianna Fail and Fine Gael represent. While FF may be the party of the new wealthy in Irish society, it was founded for the "men of no property."

FG may have taken a pinkish hue under Dr FitzGerald, but it sits with the Christian Democrats in the European Parliament and contains some of the most conservative elements in Irish society, especially on social and moral issues.

The Northern Ireland issue brings out the subtle differences best, reflecting the parties' origins. The system, whatever its roots, has served the Republic well, especially as the Irish population tended to be of one mind on economic ideology and social policies.

How long will this consensus last? The Labour party has left coalition to search for its socialist soul and to ponder the lessons from the success of SFWP and left-wing Independents.

This is good news for FF. With a steady vote of between 45 per cent and 50 per cent, only an effective coalition can prevent it from holding power —although Dr FitzGerald is still aiming for the historic breakthrough of a FG government.

But FF is a deeply riven party. The post-election weeks saw the extraordinary challenge to Mr Haughey from Mr Desmond O'Malley (now Minister for Trade and Tourism), even though the party leader was trying to form a workable majority in parliament.

These divisions owe a great deal to past events, like the pressure which forced the resignation of Mr Jack Lynch in 1979 and—before that—the dismissal of Mr Haughey by Mr Lynch in 1970 and his subsequent trial and acquittal on charges of arms smuggling.

But do they also reflect a party where the only purpose now is the winning and holding of office for its own sake, and the prizes that go with it? If that is the case, it also applies in some degree to the other parties.

Dr FitzGerald may have ambitions to occupy the left-of-centre and to form a government on his own. Many in his party, while they would welcome the achievement of office, would not care to do so under a social democratic banner. FG, too, often sounds a muted trumpet.

The departure of Mr Richard Burke to become an EEC Commissioner for the second time, against the wishes of his FG colleagues, may be some indication of how little loyalty the parties, and their leaders, command at present.

Testing time

When all is said and done, though, Irish politics present a remarkable picture of stability. The hunger-strikes in Northern Ireland in 1981 tested the political system as severely as it has ever been tested. Yet, in what amounted to a national crisis, such bitter rivals as Mr Haughey and Dr FitzGerald managed not to get embroiled with each other on the issue.

Instead, although both were pushed further towards support for the hunger strikes than either probably wished, they managed to walk the tightrope between Provisional pressure and Mrs Thatcher's determination.

Even the two hung parliaments owe as much to technical factors as to changes in political patterns. Mr Lynch, after he came to power in 1977, handed over the drawing of constituency boundaries to an independent commission. Before that, governments could juggle the proportional representation system to some degree, to give a theoretical advantage to their own side.

The commission has done its job so well that it is now difficult to obtain an overall majority and independents, in the right constituency, have a fair chance of election.

Things may change, though. FF plans to give the commission new terms of reference. These will, of course, be designed to help the party but — like any such juggling — they can also help an opposition obtain an overall majority, if the swing is big enough.

In the meantime, the difficulties of governing in a minority have left their mark on policies. Mr Haughey has undertaken expenditures to keep left-wing support which, in more secure circumstances, he might have avoided.

More importantly, Mr Haughey's line on Northern Ireland seems distinctly tougher than during his last term in office. It may not be too fanciful to suggest that this is partly aimed at another Independent, Mr Neil Blaney, whose vote Mr Haughey must also woo. Mr Blaney is the most outspokenly republican member of the Dail.

The big unanswered question is whether Mr Haughey will try his luck at the polls again soon and hope to get a majority.

B. K.

Nervousness and gloom follows bank levies

The banking community feels under pressure

SOMETHING of the present mental state of Irish bankers may be gauged from what happened when the magazine "Business and Finance," noticed that a publication date would fall on April 1 this year.

To mark the occasion, the magazine produced a carefully-written story about how the Government was going to solve the problems of state industry's indebtedness—about I£800m—by obliging the banks to convert a large part of the loans into equity.

Admittedly, it was a well-constructed spoof. That doesn't quite explain the number of bankers who began reaching for their telephones when they read the awful news. Even now, there are some who wonder if it wasn't dangerous to put such ideas in Mr Haughey's head.

The banking community feels under pressure as rarely before. One very senior banker went so far as to say that 1982-83 was likely to be the worst year for the banks in the 60 years of Irish independence.

In part, the nervousness and gloom have been conditioned by the bank levies. What was supposed to be a "once-off" collection of I£5m in the emergency circumstances of last July, has returned as a I£20m take in this year's full budget, with no guarantee that it is the last of its kind.

Bankers' anger at the levies is not just over the amount of money involved—although they claim that the implied reduction in their capital base will reduce lending capacity by I£350m. They feel strongly that the politicians have not been honest about the structure of bank taxation.

The banks' low tax charges result from the large amount of low-interest loans and leasing which they offer to Irish industry and which they can write off against tax. This is now a major part of the incentives available to industry in Ireland and loans total more than the combined budgets of the Export Board, Research Institute (IIRS), Science Board and Shannon Development Co.

William Finlay, Governor of the Bank of Ireland

The system is open to the serious objection that it is not under government scrutiny and does not necessarily mesh with the other incentive schemes. At the same time, its loss would represent a major reduction in the aids available to foreign and domestic industry.

The banks, though, are beginning to wonder if the game is worth the candle. The levies were presented merely as a response to the banks' low tax charges, pending the report from the Commission on Taxation.

The temptation, according to bankers like Mr Niall Crowley, chief executive of Allied Irish Banks, is to reduce or abandon this type of lending, even if it means paying more tax, and let the Government make the choice.

It is true that the Irish banks have maintained good profitability until very recently. Profits peaked in 1978, when net profit as a percentage of gross assets reached 1.35 per cent for the Bank of Ireland Group and 1.12 per cent for Allied Irish Banks Group. The sharp fall in 1980 was recovered somewhat in 1981 but the outlook for this year is poorer.

The levies, obviously will depress profitability but there are other factors at work, most of them arising from the general state of the economy. Mr Ian Morrison, chief executive of the Bank of Ireland, believes in particular that Ireland's 20 per cent inflation is eating away at the productive economy and at the continuation of a healthy banking sector.

The outlook for interest rates is much worse than was generally assumed even six months ago. Rates now vary between 19 per cent and 22 per cent. The balance of payments deficits, the need for credit to cope with the inflation rate and unwillingness to borrow abroad for fear of devaluation, are all creating pressure on liquidity.

There is a belief that rates may go higher before they go lower, adding to the problems of agriculture and industry.

The banks recently agreed a I£10m rescue package with the government to help the country's most over-borrowed farmers, but the banks had already written off most of the cost as potential bad debts.

The banks are also locked in argument with their powerful staff union, the IBOA, over the introduction of computerisation in retail branches. Even if a settlement is reached amicably, the cost at least 15 per cent on pay will depress profits for the next couple of years.

The merchant bank sector has been the fastest-growing in Irish banking and now handles over half the financing of Irish industry, although the subsidiaries of the Big Two, Allied Irish Investment Bank and Investment Bank of Ireland, have almost 60 per cent of the market shares.

Another 30 per cent is taken by the investment subsidiaries of Ulster and Northern Banks, (NatWest and Midland owned). Nevertheless, interest in Ireland by foreign banks remains high, with the arrival of

CONTINUED ON NEXT PAGE

The cost of importing raw materials and export costs make it difficult for companies to break through into the big league

Competitiveness: biggest problem still the Irish Sea

YOU KNOW you are on the right road—to Hanlon's of Longford when two new ambulances pass on the back of a vehicle transporter heading towards Dublin. But the place is still difficult to find.

For Mr Noel Hanlon produces 700 ambulances a year for the Irish, UK and Middle East markets from a network of workshops at the back of a Texaco garage where he began his business life selling petrol.

Mr Hanlon's achievement in building a business which employs 315 people, has an annual turnover of I£6.8m (£5.6m) and exports more than 90 per cent of output from a small market town in the middle of Ireland is rare enough for him to win the PA/Irish Times management prize last year and to merit mentions in reports on Irish industry.

The Telesis report on Irish industrial policy says that of hundreds of new metals and engineering firms established in the 1960s and '70s only 14 now employed more than 100 people. Hanlon's was one of only two of those to be exporting significant amounts.

Noel Hanlon became more than a garage owner when a local hospital just up the road asked him to tender for the supply of two ambulances.

"We couldn't find anyone in Ireland who made decent ambulances so we decided to make them ourselves," Mr Hanlon says.

He decided there was an opportunity to supply the Irish market for ambulances and imported a couple of key experienced people from England. By 1972 he had supplied his first ambulance to the UK and now has 25 per cent of the market there.

He also exports nearly 400 ambulances a year to such countries as Syria, Iraq, Egypt, Jordan and Libya. He has high hopes of breaking into the Belgian and German market which is moving towards a more British style of ambulance.

Mr Hanlon is at the same time an example of what local industry can achieve in Ireland and of the difficulties.

"Our biggest problem is the Irish Sea," he says. Transport costs on bringing in parts and getting each ambulance to the UK are £200. Imported parts, including the chassis, electricals and fibre matting and resins from which the body shell is constructed, amount to about £9,000 on which about £3,000 value is added on.

He has been competitive despite the location because of low overheads and low costs but says he is now having to cut into profit margins to counteract the effects of inflation now at around 21 per cent.

More expansion

His next expansion will be in Liverpool not Longford. He plans to produce minibus type vehicles for sitting patients and not enough value could be added in Ireland to make the operation profitable.

Apart from ambulances there are local Irish companies like Dogget of Cork which is exporting excavator buckets, and Biocon of Cork exporting enzymes for the European brewing industry.

Waterford crystal has achieved a dominant position in the U.S. market and Bailey's Irish Cream has effectively created a new range of product—cream liquers.

Yet although there has indeed been a transformation in the nature, volume and destination of Irish exports, the process has been largely led by foreign multinationals which have been attracted to the country.

In 1950, 75 per cent of Irish exports were live animals and only 6 per cent were manufactured goods. In 1981, more than 60 per cent were manufactures. In 1969, 65 per cent of Irish exports went to the UK and only 11 per cent to the EEC. Last year, reliance on the UK market fell below 40 per cent for the first time and the EEC took 30 per cent of Irish exports.

Despite a difficult year with many exporters squeezing profit margins to retain markets the Irish Export Board expects a volume increase of exports of 8 per cent to I£5.77m.

Although Mr John Healey, assistant chief executive of the Irish Export Board concedes that Ireland has come late to the skills of marketing, has so far produced few internationally branded products and needs to devote greater investment to product development and research the country's export achievements have been very real.

But almost as dramatic has been the emergence in less than a decade of the first Irish multinationals. Companies such as Cement Roadstone, producers of cement, aggregates, and other building materials, and Jefferson Smurfit, the packaging and printing group, direct growing international operations from headquarters in Dublin which exude quiet confidence and achievement at breaking through into the international league.

Cement Roadstone is already getting close to its target of earning a third of its profits overseas, and last year Jefferson Smurfit's American activities were responsible for 46 per cent of group sales and 60 per cent of assets.

The Telesis report, however, saw the spread of Irish companies through acquisition as a structural dilemma in the Irish economy.

"At the same time as traditional Irish industries are finding it difficult to muster the resources to build successful international businesses most of the largest and strongest are investing abroad in businesses only minimally related to Irish employment and exports."

Mr Jim Culliton, chief executive of Cement Roadstone, points out that apart from acquisitions in the UK, Holland, and the mountain states of the U.S. the company has also invested in a I£30m joint venture with Hepworth Ceramic to produce sea water magnesia for the refractory industry worldwide. A new technology has been introduced to Ireland and very high value added to a near worthless raw material.

11 countries

Last year, the first year of production 50,000 tons were exported to 11 countries.

"Let Telesis put that in its pipe and smoke it," Mr Culliton said. The company expects to make further acquisitions in the U.S. and 50 per cent of earnings should come from overseas by the end of the decade.

Cement Roadstone moved abroad because their products were usually too bulky for export, because they did not want to be completely dependent on one small economy and because they thought diversification into products they had no experience of too risky.

"We have learned a lot from the Americans. It has done the company good from top to bottom," Mr Culliton says. The company, which had a turnover of I£354m last year, has deep roots in Ireland and Mr Culliton expects that it will build other projects in Ireland using the international knowledge and skill acquired.

Mr Howard Kilroy, chief operations director of Jefferson Smurfit says that by the nature of their product the company has not been exporting jobs.

"Through investing abroad we have protected our base in Ireland," he said.

"We are very conscious that we are an Irish company and we certainly want to remain in Ireland provided the tax and currency legislation is tolerable."

But the company believes in the underlying strength of the U.S. economy and is investing heavily in its U.S. operation Alton Packaging.

"We will make further acquisitions in the U.S., certainly in the medium term," Mr Kilroy says.

Jefferson Smurfit also believes in "sticking to its last," although it has diversified into timber, agriculture, food

Jim Culliton, chief executive of Cement Roadstone: I£30m joint venture with Hepworth Ceramic brings a new technology to Ireland.

processing and financial services.

Jefferson Smurfit hopes to crown its achievements as a multinational by establishing a Dublin-based bank in partnership with Paribas, the major French banking group, to provide venture capital for Irish industry.

The plan was announced last August and negotiations for a banking licence are still going on with the Irish Central Bank.

"We are hopeful. If they had found it easy to refuse us, they would have done so by now," Mr Kilroy says.

Raymond Snoddy

Seminars help companies to identify markets

How the IDA is acting as a matchmaker

REPRESENTATIVES of more than 100 small Irish companies travelled to the small market town of Kells, north-west of Dublin, last month. They were there to attend a seminar organised jointly by the Irish Industrial Development Authority and Westinghouse which has one of its seven Irish plants in a town once more famous for its Celtic cross than the level of its industrial development.

The purpose of the seminar was to confront the Irish businessmen with examples of the $60m worth of components which Westinghouse imports every year for its Irish operations which range from the manufacture of open-plan office furniture to refrigeration units for lorries and electrical control equipment.

The hope was that some at least of the businessmen, who were given large copies of technical drawings to take away, will come back with bids for some of the Westinghouse work and help to reduce the I£550m (£454m) which it is estimated IDA-assisted companies in Ireland import each year.

The seminar was the first in a series in which the IDA will act as a matchmaker between the multinational companies which it has been so successful in attracting to Ireland over the past two decades and the small local companies which have until now been reticent in exploiting the situation to the full. New small supply companies have been springing up.

The metal presentation cases, for example, for the pens produced in Ballinasloe by A. T. Cross, the U.S. pen manufacturer, are now made by Westpak Presentation, a company set up by three local men. But such companies have been relatively few and many have had difficulty meeting the economies of scale, quality or reliability necessary for supplying the multinationals.

Transformed

Ireland has been transformed by the arrival of more than 800 foreign firms which have invested I£2.5bn at historic prices. Areas which once exported only people or animals on the hoof are now sending out electronic, consumer and health care goods for the world market.

The attraction of mobile investment from abroad will remain the central plank of Irish industrial policy.

But there is a growing realisation that the mere existence of high technology foreign companies will not necessarily by itself lead to a strong diversified indigenous industrial sector.

The active encouragement of "linkage" between the multinational and Irish companies is likely to be given much greater emphasis in Irish industrial policy in future.

Padraic White, managing director of the Industrial Development Authority.

It is only one change of emphasis, or evolution, of Irish industrial policy which should become increasingly apparent over the next 12 months.

In a sense Ireland's industrial policy is at the crossroads. Phase one of Ireland's industrial revolution has been achieved. Its impact and success are now being assessed and the plans are being drawn up for Phase II to deepen and extend the industrialisation that began by being grafted on to a near peasant society.

The IDA is already at work drawing up its next five year plan which will come into operation from January and is also preparing a 10 year strategic plan.

Next month the National Economic and Social Council will submit to the Government its overview of four reports commissioned on Irish industrial policy—including studies on infrastructure, the extent to which new jobs created have been sustained and an assessment by Telesis, the U.S. management consultancy.

The signs are growing that the NESC recommendations to the Irish Government will amount to a radical re-emphasis and re-organisation of policy fundamental enough to make the review relevant until the end of the century. It is believed that a more selective approach to attracting foreign firms will be advocated and a more selective use of incentives together with a greater emphasis on developing indigenous industry.

Dr Noel Whelan, chairman of the National Economic and Social Council said the fact that industrial policy was being reviewed was in no sense a criticism of existing agencies. It was necessary because of such social trends as ireland's growing labour force—half the population is under 25—intensifying competition for mobile investment and increasing difficulties traditional industries were facing in the UK market.

The Telesis report, due to be published next month praises Ireland's success in attracting new industry but warns that "no country has succeeded in developing high levels of industrial income without developing a strong indigenous sector."

It argued that "the opportunities for Irish industry lie in better exploiting the market provided by multinational companies currently in the country and in expanding current industries now serving only Ireland and the UK to serve the whole Common Market and beyond."

Recent industrial development, it claims, has not brought this about and it is unlikely that a continuity of current industrial policy will do this in future.

Telesis recommendations include a cut in the average grant levels for foreign owned companies, a sharp reduction for indigenous companies which are not exporting and substantial increases in funds devoted to the development of local export businesses.

Jobs in pipeline

Mr Padraic White, managing director of the IDA, emphasises the continuity of Irish industrial policy and believes there will be no cancellations of programmes or reversals of policy. But he accepts most of the Telesis recommendations and the IDA is already devoting greater efforts to persuading more companies to export and to strengthening the base of existing Irish companies.

He does however, reject as "unsound and unrealistic" the view that grants of foreign companies could be cut or that Ireland has been in some cases been paying too much to attract foreign industry.

Indeed, because of a declining level of mobile international investment the IDA said at the end of last year that it would be compelled to offer an increased level of incentives this year.

The IDA has still jobs in the pipeline and it believes it will meet its target of 15,000 new jobs this year and with it the job creation target for the 1978-1982 plan.

IMED, a U.S. health care company, for instance, is recruiting for a new factory in Letterkenny in Donegal which should employ 400 by the end of the year. Earlier in the month Mr Gene Amdahl cut the first sod for a plant near Dublin where his latest company, Trilogy will build a new powerful IBM-compatible main frame computer.

An expansion of an existing U.S. consumer products group in Ireland which will involve 600 new jobs is awaiting final Government approval.

There are also of course the losses both of traditional Irish industries and of job cuts in the new companies. Travenol, a health care product manufacturer had to close one of its three factories at Belmullet in in the very west of Mayo.

But Mr White was relieved that despite the recession that the net job loss was held to 2 per cent last year.

The IDA's rescue unit has been kept busy and 350 companies are being monitored from week-to-week so that urgent first aid can be offered in time if it is needed.

There is also some evidence that the IDA is finding it more difficult to entice the larger mobile projects this year which would eventually start to hit the jobs pipeline. Mr White is however confident of an upturn.

"We believe that by mid-year there will be sufficient indicators of the end of the recession and the beginning of reasonably sustained growth to change the business and investment atmosphere," he says.

To take advantage of the upturn the IDA has launched its biggest advertising, marketing and promotional campaign in the U.S. and spending I£m new money to get across the number of famous U.S. names already in Ireland and the fact that "We are the most profitable place in Europe."

R. S.

Banks under pressure

CONTINUED FROM PREVIOUS PAGE

the French CCF, to take a stake in City of Dublin Bank, and the opening of ABN's new Dublin headquarters.

They are attracted by the historic growth in the Irish economy, which enabled merchant banks to increase their share of non-government credit from 9 per cent in 1972 to 12.5 per cent in 1980. Non interbank deposits grew by 29 per cent per year over the same period.

The Irish Central Bank, which effectively fixes Irish bank profits, is known to believe that profits are not excessive in relation to maintaining an adequate capital base, and to be unhappy about the levies.

At the same time, the Irish Government stock and share brokers, Riada and Co., took an optimistic view of the longer-term prospects for Irish banks when they produced a review of the Big Two in January. They were, however, allowing for no increase in levies and an early fall in interest rates.

Both those assumptions proved incorrect, but the basic analysis still stands. Levies will have to end and interest rates will eventually fall, although at what price to the economy is not yet known.

Riada and Co. believe that even the poor CCA results could be improved significantly by adjustments to the banks' capital structure. In general, profit margins are still above those obtained in the early 1970s, even if the exceptional years of 1978-79 have not been maintained.

Assuming they can sort out their differences with government and their own staffs, the Irish banks are probably well-placed to take advantage of economic recovery and resume the successes of the 1970s. But, like many others, they are beginning to scan the horizon anxiously as the signs of improvement remain obstinately out of view.

Brendan Keenan

The tendency of people to spend more abroad has not been matched by incoming tourists

A gap that worries the tourist industry

IRISH TOURISM has been in serious trouble for more than a decade. While its failures have been blamed on the civil strife in Northern Ireland, there are clear indications that it is unlikely to regain its previous dominant role in the Irish economy.

In the 1960s, tourism grew by an average of 6.5 per cent annually and for a period was either the biggest or the second biggest earner of foreign currency.

All that changed with the outbreak of violence in 1969. Growth was no longer assured and the overall performance was determined not by the merits of the promotions abroad but by the level of violence at home.

Now, 12 years later, incoming tourists total 2.2m—an increase of only 300,000 since the first sign of trouble in 1969. In the meantime, both parts of Ireland have lost over I£1bn in tourist revenue, according to a recent survey, and there is still no reason to believe that the worst is over.

While tourism has declined in importance, Ireland's farmers have watched exports grow annually, particularly since joining the EEC. Industrial development has also outstripped tourism pushing it into a poor third position in order of importance.

Few now believe that Ireland should seek to become a mass tourism market. At best it could expand steadily like it did in the 1960s—provided there was a long period of political peace in Northern Ireland.

The poor growth of tourism over the past decade has led to a dilution of its contribution to the expansion of the economy. Moreover, as incomes grow, there has been an increasing tendency for Irish people to holiday abroad. Last year alone, 250,000 Irish people had a foreign vacation and, according to some economists, they spent more than was earned by the tourism industry at home.

Marginal

The Irish Tourist Board (Bord Failte) tends to challenge this conclusion but admits that the gap between the money spent abroad and that earned from incoming tourists is now marginal.

Only ten years ago, Ireland was making twice as much from visiting tourists as was spent abroad. The net result is that tourism is now adding to the balance of payments deficit rather than stabilising it.

Spending by Irish holidaymakers abroad quadrupled between 1970 and 1979, as real incomes rose.

In addition, Ireland's high inflation rate during the 1970s was not fully reflected in the decline in the Irish pound's value against other currencies.

Faced with the exchequer problems of more and more Irish people holidaying abroad, the Irish Government is now to introduce a tax of £3 on all passengers using air services and £2 for those buying boat tickets. But no one believes that the new tax will hit foreign holidays.

The tendency by Irish people to spend more abroad had not been matched by incoming tourists. A report compiled by the National Social and Economic Council published 15 months ago showed that Ireland has been earning significantly less than other countries from each tourist since 1960.

"It is quite clear," the report said, "that we are now attracting the type of visitor who is either unwilling or unable to spend at the same level as in previous years."

Even more disturbing, the report estimated that much of the money spent by the Tourist Board on promotions abroad gave little return. For instance, it reckoned that some I£7m spent in Britain in 1977 resulted in only I£10m of extra revenue from tourists who would not otherwise have come to Ireland.

The findings have not so far persuaded the Tourist Board to revise its techniques but with a new chief executive now taking over responsibility, a number of major changes may be on the way.

The overall health of the tourism industry is primarily dictated by its success in Britain, the main market. Last year, more than 1m tourists—nearly half the total arrivals—came from Britain and the great majority had some family connections in Ireland.

The Tourist Board claims that the industry did well to hold the decline in this market to 4 per cent, given the major problems experienced, especially the political tension generated by the prolonged H-Block hunger strikes.

Of the three markets which serve Irish tourism in quantity—Britain, the United States and Europe—Europe is the only one which has no ethnic content. Ireland's appeal on the Continent is founded on an interest in activity-based holidays such as fishing, golfing, motoring and horse riding. An important advantage is that holidays extend beyond the peak summer months.

Despite a heavy promotion on the Continent, the number of visitors last year at 331,000 fell by 1 per cent, largely because of the economic recession.

The only market to show a growth in 1981 was North America which produced 331,000 visitors, an increase of 7 per cent. The good performance here stemmed mainly from the attractive air fares on the North Atlantic and the strength of the U.S. dollar. The tourist Board also looks to the U.S. this year to provide most of the growth, estimating that it could be of the order of 5 per cent.

The problems experienced by tourism are best illustrated by the hotel industry which has seen many closures, countless job losses and a rundown of facilities.

Prices pegged

About half the hotels have failed to make a profit in the past two years after pegging prices at the 1980 level in the hope of increasing their turnover. But the extra volume did not materialise and they are now faced with a Hobson's Choice, either hold prices for a further year, which few can afford, or raise prices to take account of two years' inflation.

Another victim of the recession has been the State-owned airline, Aer Lingus, which has lost over I£20m in the past two years, all of it due to uneconomic fares on the North Atlantic.

Like many other world carriers, Aer Lingus is now badly in need of equity to alleviate its losses on the Atlantic and reduce its foreign borrowings.

But with many other semi-State bodies queueing up for urgent Government funds, Aer Lingus will have difficulty in getting anything like the I£50m it has sought.

There appears to be no simple solution to the problems facing Ireland's tourism industry which was worth I£245m last year. As long as the Northern Ireland violence continues, tourist numbers will not grow appreciably.

The fact that an increasing number of Irish people are opting to spend their holidays abroad signifies dissatisfaction both with the price and quality of service at home.

The core of the problem lies in high rate of inflation itself. Until steps are taken to ensure that Ireland has a relative price advantage in the tourism sphere, it cannot expect a substantial increase in the number of foreign visitors or a rise in the number of Irish people who are prepared to spend their vacations at home.

Only when the violence ends and the tourists can be convinced that Ireland represents value for money will the industry begin to grow significantly in real terms.

Jack Fagan

Roger Taylor

In Dublin's fair city: the O'Connell Bridge, leading to O'Connell Street. Below: a flower-seller in busy Grafton Street

Budget proposals to tax windfall profits may slow developments, says **Raymond Snoddy**

Uncertain times for property sector

GIANT cranes still hover over Georgian squares in Dublin as work continues on the new office blocks that have transformed the face of the city. There are enough large holes in the ground and noisy work in progress to suggest that commercial property investment has indeed been one of the few sectors to avoid the recession.

In the face of all the economic indicators work has just begun on one of the largest developments planned in the Irish capital—stage one of a development scheduled eventually to involve over half a million sq ft of office, shop, residential and recreational space.

The Irish investment market has matured. Though the amount estimated to have been invested in property by the Irish institutions, last year at I£55m (£45.4m) was down from I£64m in 1980—largely because of a lack of suitable developments—it compared with only I£25m in 1976.

Irish institutions, such as Irish Life, with one-third of its I£1bn assets in property, are "awash" with money and can now take on the largest Irish investments without outside help. Developers which have benefited from the industrial and commercial boom of the 1970s, such as the Rohan group, have not only grown to be major companies but have moved into investment themselves.

Growing unease

Yet, despite signs of long-term strength—Dublin is still very under-officed compared with most European cities and the service sector is growing—there is growing unease.

Some developers fear that budget proposals to introduce a 2 per cent levy on office development, a tax on derelict sites and on windfall profits may slow the pace of development.

The Royal Institution of Chartered Surveyors has warned that the derelict site tax could discourage developers assembling sites for major developments and lead to smaller piecemeal projects.

"The additional cost of a levy on office development at this time, when the viability of office development is already marginal due to high interest rates and falling demand, may bring a halt to many schemes now proposed," the Institution argues. There are also signs that British property companies are becoming less enthusiastic about the Irish market.

London and Leeds, the property arm of Ladbrokes, have had three of their most successful development opportunities ever in Dublin in the past three years.

One was a 55,000 sq ft office block in Mount Street which took 18 months from buying the land in July 1979. The rents started at I£5 a sq ft and are now I£9. Another development produced record historic yields of 5.25 per cent over two years.

"We felt an upswing was on the way and we got our timing right," Mr Kurt Kilstock, chief executive said.

Inhibiting factor

He is now off to the U.S., where he believes the market opportunities are at the moment, and says he would be very circumspect about further Irish investment. For Mr Kilstock, the inhibiting factor is the fact that new planning consents for the prime area south of the River Liffey, where Ireland's political, economic and commercial power is concentrated, will have 60 per cent residential components. It has also increased the value of land already with planning consent.

Mr Patrick McCaffrey, a senior partner of Jones Lang Wootton in Dublin is more optimistic. Last year he predicted a property recession and it did not happen.

"Last year was a very good year which defied all fears of recession. There was a carry-over of only 180,000 sq ft and there is probably only about 250,000 sq ft on the market at the moment. There is relatively little spare space," he says.

On average, Dublin absorbs about 400,000 sq ft of office space a year.

"It would be unrealistic nevertheless not to recognise that we as a nation are in recession and that this must ultimately effect office rental, Mr McCaffrey said.

The price of prime office space is likely to hold at I£9 a sq ft this year. Jones Lang Wootton's projections for 1982 foresee about 400,000 sq ft of office space let or reserved, 222,000 unreserved and about 115,000 for owner occupation.

Some observers think that such projections are too high. The main influence on the market last year was the fact that the Irish Government took 350,000 sq ft for the Posts and Telegraphs department.

Mr Ken Rohan chief executive of the Rohan Group believes that if people build on the assumptions of last year's take-up they could be getting the market wrong.

"If there is a carry-over of 250,000 sq ft and the Government stays out of the market then there could be 500,000 sq ft left on the market at the end of 1983," Mr Rohan said.

Yet Mr Michael Lucey, property investments manager of Irish Life believes the underlying trend is still strong.

All the 200,000 sq ft office space Irish Life put up last year was prelet and out of 200,000 sq ft of shopping space only one was unlet—when a British company which had reserved it pulled out because of recession.

His difficulty is producing enough offices of the right kind fast enough and he will not have vacant space again until 1984.

"We are underofficed and will be for a number of years," Mr Lucey said. "It is a market to stick with."

Irish Life has been trying to pull the centre of gravity to the north of the river with developments large enough to create their own mini-environments such as their own headquarters and their ILAC shopping centre.

But if there are varying degrees of optimism in Ireland on the immediate prospects for commercial property, there is less on the industrial sector. It is in the doldrums, suffering from oversupply and static prices at between I£2.30 and I£2.50 a sq ft. There may be approaching 2m sq ft vacant at the moment.

"There is a 12 month supply of industrial space from the day that things begin to pick up," Mr Ken Rowan said.

Factory closures

His group gave up building advance factories more than two years ago although it still designs and builds large purpose built factories for Ireland's multinationals.

Factory closures have increased the second hand space available but the main course of oversupply came through speculative building.

In the late 1970s, people were taking over factory units they wanted only as investments. The over-supply began to emerge towards the end of 1980 and there has been little movement over the past six to nine months.

In the residential sector, concern is growing at the effect of high interest rates. Many fear that the present mortgage rate of 16.5 per cent will soon have to rise to at least 18 per cent. This would almost certainly force some potential home buyers into rented accommodation.

The middle and upper end of the market will also be hit by tax changes announced in the budget. Tax relief on mortgages will be limited to the standard rate of 35p in the pound.

Government statistics show that the price of secondhand houses fell back at the end of last year. The average price of a secondhand house dropped to I£29,750 in the past quarter of 1981 from I£31,589 three months earlier—a 6 per cent drop.

Brendan Keenan discusses the effects of falling oil prices

Oil exploration excitement fades

NINETEEN EIGHTY-ONE was not a good year for those involved in Irish energy exploration. The high hopes with which the year started were not realised, and the falling price of oil cast doubts on the value of exploration in Ireland's rougher, deeper, offshore waters.

On the other hand, the year saw considerable progress on the domestic energy scene, with Ireland's dependence on oil for electricity generation reduced dramatically, and approval for a pipeline to take gas from the Kinsale field, off Cork, to Dublin, and perhaps on to Belfast.

The many investors in Irish oil shares who are now nursing large losses can testify to the difficulties and uncertainties of offshore exploration. Shares were buoyed up during the year in anticipation of good results, particularly from BP's two wells in 26/28 and Phillips' well in 35/8.

In the event, both these blocks, which are in the Porcupine basin off the west coast, produced inconclusive, even disappointing, results. Both the BP wells were dry, showing that the oil encountered by previous wells did not exist in the two separate fault blocks drilled.

Complexity

BP sources admit to being puzzled by the complexity of the structure they have encountered on the block. As a result, they plan to use the relatively new and expensive techniques of three-dimensional seismic this year to try to get some definitive answers as to what lies beneath the seabed.

Phillips are also poring long and hard over the results from their drilling programme. The well drilled last year flowed oil at 925 bpd, a fact which gave the then Irish Minister for Energy, Mr Michael O'Leary, grounds for optimism.

His optimism does not seem to extend to the company, which had a couple of bruising encounters with the Department of Energy over well depths and whether the well should be artificially stimulated. (In the end, safety considerations prevented stimulation.)

Phillips has a commitment to drill on a different Irish block this year but has still not made clear its intentions on 35/8.

Share prices reflected this lack of firm success, and were not much encouraged by a show of oil in the Cities Services well drilled off the south coast, in the Fastnet Basin.

Shares in the high-flying Aran Energy, which had 16.67 per cent of the BP operation, fell from a high of 112p to reach a mid-winter low of 28p, from where they have barely recovered. Bula Resources, launched during the year at 50p, never got about 60p, and are currently below 20p.

Even Atlantic Resources, whose launch produced extraordinary scenes on the floor of the Dublin stock exchange, came down from 416 to 200. No doubt there will be a recovery during this season's drilling, but it is unlikely that investors will be quite so enthusiastic. The companies will be trying to acquire less risky prospects across the Atlantic and in the North Sea.

Indeed, it is unlikely that Irish oil exploration generally will generate quite the excitement of recent years. This was evident in the response to the government's offer of 108 blocks in a second licensing round, which will be allocated next month.

In the event, the total of 44 blocks applied for was better than some early predictions suggested. There was, not surprisingly, some overlapping and the government hopes to persuade companies to take up some blocks not bid for in the initial application. Elsewhere, "open-door" allocations will continue.

Most interest centres in the Celtic Sea where new seismic techniques have managed to penetrate the layer of chalk which lies over the basins.

Clearly the companies like what they see, particularly in quads 48, 50 and 57. The shallow water in this area also makes it a much more attractive commercial proposition than the 1,000 ft plus encountered in the Porcupine.

Applications have also been received in respect of the Porcupine and the Kish basin off Dublin. The Department is anxious to encourage exploration for gas in this area, because of its proximity to the major centre of population.

The transition to the second round, and the general review of the Irish scene, means that no more than four or five wells are likely to be drilled offshore this year, although the total could rise to six. Officials hope that, after this year, they can get back to an average of eight to ten wells per year.

The contract for construction of the gas pipeline to Dublin was awarded to the Dutch-Irish consortium, Nacap-Irish Enco, and work is due to start later this year: it is due for completion in 1984. There are still difficulties about distribution of the gas. The existing Dublin Gas Co is having industrial relations problems, despite a comprehensive work agreement negotiated in anticipation of receiving natural gas.

Oil imports cut

Gas has already enabled the Electricity Supply Board (ESB) to reduce dramatically its use of imported oil. Two years ago the ESB was 75 per cent dependent on oil, now the figure is below 60 per cent. When the major coal-fired station at Moneypoint on the Shannon estuary comes into operation, the proportion will fall to 40 per cent.

According to official figures, the use of gas saved I£147m in oil imports last year.

There are still those who argue against the use of gas, for electricity generation, because of the calorific loss, and in the state fertiliser plant, NET, because it pays less than the potential price which could be charged to direct customers.

This opportunity cost has been calculated at I£100m a year. NET and ESB executives both argue, though, that it will not be possible to find sufficient private users of the gas, even if the pipeline is extended to Belfast.

That decision had already been taken in principle by the two governments, and all that remains is to hammer out details of amounts and price. Negotiations will be tough but it seems unlikely that they would be allowed to break down at this stage.

The other major decision was the state takeover (for I£6.7m) of the Whitegate oil refinery in Cork, after the companies operating it decided it was uneconomic.

This decision has not met with approval in business and industry, where it is seen as perpetuating high Irish energy prices. The deal will add 1p a gallon to the existing price of petrol, but that price is already at least 5p dearer than the lowest available in Europe.

The new Industry and Energy Minister, Mr Albert Reynolds, argues that the country simply could not take the risk of having no refining capacity. He believes that the involvement of the state oil company, INPC, may enable crude oil to be purchased at lower rates than the major companies supplied Whitegate.

Certainly, Mr Reynolds has made prices one of his priorities, and not just where the oil companies are concerned. There have been tough meetings with the ESB about why falling oil prices have not, so far, been reflected in charges to the Irish consumer.

Mr Reynolds' Department and the Department of Trade and Tourism, have already succeeded in getting the companies to drop the price of petrol by around 5p a gallon.

Mr Reynolds hopes to go further and present an overall assessment of energy supply and pricing for the economic plan promised by the present Government. The policy would also include projections for the allocation of gas and peat to the ESB.

The present Government has restored the plan for a small power station to test the generation of electricity from the low-grade coal at Arigna, Co. Leitrim. Although this partly reflects political considerations for a hard-pressed area, there are substantial deposits of the so-called "crow" coal which could be economic if oil prices rise again.

For Ireland, like everywhere else, that is the key question. Falling oil prices represent the best hopes of alleviating the country's economic problems, but they threaten the development of offshore exploration and onshore alternatives.

This time, though, there is a determination not to be lulled into the post-1976 complacency: hopefully, if there is another oil crisis, Ireland will be better prepared.

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TECHNOLOGY

EDITED BY ALAN CANE

Alan Cane reports a study of the Western European robotics market

Growth—but fed from outside

THE MARKET for industrial robots in Europe is likely to grow at a compound annual rate of more than 50 per cent, reaching a total value of US$763.2m by 1986.

The UK is now seen by robot manufacturers as a major growth area; its share of the total West European market is set to rise from 16 per cent (US$15.4m) in 1981 to 20 per cent (US$152.6m) in 1986.

This is not necessarily all good news for Britain's robot makers: the growth seems to reflect substantial increases in distributorships and licensing agreements.

These are some of the principal conclusions from a new study Western European Robotics, prepared by Creative Strategies International, an authoritative U.S. based consultancy.

WESTERN EUROPEAN ROBOT MARKET BY COUNTRY, 1981-1986
BY PERCENTAGE OF MARKET AND IN MILLIONS OF DOLLARS

	1981		1982		1983		1984		1985		1986		CAGR*
	%	$	%	$	%	$	%	$	%	$	%	$	%
UK	16	15.4	18	29.8	19	42.6	20	62.0	20	111.8	20	152.6	58.2
France	15	14.4	16	26.6	16	36.0	14	43.2	14	78.2	14	106.8	49.3
W. Germany	41	39.4	40	66.4	38	85.4	37	114.6	37	206.6	35	276.2	46.6
Italy	6	5.8	8	13.2	7	15.8	8	24.8	6	33.6	7	53.4	55.9
Sweden	10	9.6	6	10.0	6	13.4	5	15.4	5	27.8	4	30.6	26.0
Others†	12	11.4	12	20.0	14	31.6	16	49.6	18	100.6	20	152.6	68.0
Total: Europe		96.0		166.0		224.8		309.6		558.6		763.2	51.4

NOTE: Allowance has been made for changes in robot unit price but not for currency exchange rates; (i.e., all values are in 1981 U.S.$m).

* CAGR = Compound Annual Growth Rate. † Including such major countries as Spain, The Netherlands, etc.

Source: Creative Strategies International

Despite its predictions of high growth rates in the market *over* the next *few* years, it emphasises that the proving period for robots in many applications will be considerable and that most manufacturers are only beginning to realise the impact that robots will have on the shop floor.

It points out: "The maximum benefit from this technology will be obtained only when robots are fully integrated with manufacturing resources, planning systems, automated warehousing, computer-aided design and computer-assisted manufacturing."

Motor industry

Robots have, in fact, been accepted in Europe only in a comparatively narrow range of industries and applications.

According to the study, the motor industry and its suppliers are the major users of robots for applications such as spot welding and paint spraying. The reasons are:—

- The highly competitive nature of the motor business and the pressure for increased productivity caused by Japanese competition.
- Good investments attitudes.
- Frequently changing products—with a robotics manufacturing system, the study argues, 60 per cent of the investment can be saved when changing products, whereas fixed automation has to be more or less written off.

So, of Italy's 400 robots, the majority are in the Fiat and Alfa Romeo car production plants. Of the UK's 400 or so industrial robots, about a fifth are in BL's factories.

The study is, in general, pessimistic about the UK's chances in the robot market. It says, *for* example: "In the late 60s, the UK did have an equal opportunity with the rest of Europe to develop a core robot industry.

"She did not do this, with the result that more than 80 per cent of the UK robot population is imported," and, again, "Industry in the UK has been slow to show much interest in robots or in the use of advanced manufacturing techniques.

"At board level in most major UK companies there is very little engineering experience and attitudes about manufacturing investments are extremely conservative."

The Department of Industry has set up schemes to help companies into robotics but Creative Strategies sees them in some ways as counter-productive.

"The Department of Industry sponsors a robot applications grant, but manufacturers and users alike believe the 25 per cent grant available for robot purchase is not sufficient and is merely delaying the implementation of possible orders while grant applications are processed."

In contrast, the study points out that West Germany—the European leader—has more than 1,200 robots installed helped by positive attitudes towards investment in manufacturing technology.

The study notes that the French market is influenced by pressure to develop automation and robotics within the large State-controlled organisations such as Renault (see this page, March 31), while in Italy—an early front runner in robotics—there has been a proliferation of small companies producing specialised robots related to the metal processing industries.

"This is in line with the Italian reputation for providing specialised automation equipment within the European market. Italian industry is, however, characterised by a low degree of automation within most manufacturing concerns and inherent conservatism."

While this study is concerned with the Western European market, the shadow of Japanese robotics industry touches every major conclusion.

Japanese

The study notes: "Japanese producers have adopted their normal profitable and practical approach to this market . . . the Japanese do not commit themselves to entering a market without previous study and preparation and not before they know there is an established market for their products."

It goes on: "At the moment they are selling very few robots outside Japan (about three per cent) but they are producing huge numbers that are presently being absorbed by a strong and profitable home market."

It argues that the Japanese could repeat their performance in the *machine tool* business, entering the European and U.S. market late but with competitively priced and sized products delivered on time.

"The fact that Japanese products could flood both the U.S. and European markets in 1983-84 may have discouraged many European producers from looking at the American market."

There will be, it suggests, a market pause in late 1983 while new products, particularly Japanese, are absorbed. It says that costs could come down as much as 50 per cent for some assembly robots, while those for other industrial robots will remain constant.

Calculations made to justify robot purchase often overestimate the payback period, the study claims: "Manufacturers state that customers generally achieve a return on investment considerably above the rate expected."

At the same time they achieve other, less obvious productivity factors — improved products quality, improved customer service and flexibility—that are difficult to assess in an economic justification."

The study includes an appendix dealing with management considerations for implementing robots by Mr David Teale of IBM, UK.

This is one of the earliest pictures of IBM's new small robot, the 7535 manufacturing system. It can be programmed using the IBM personal computer, left, using an IBM developed robotics language AML (A Manufacturing Language). The Creative Strategies study, completed before IBM's launch noted: "Bearing in mind the need to sell robot systems and the dubious profitability of robot manufacturing to date, it may well be that companies such as IBM and Texas Instruments will hold back from actually selling robots. If they do enter the market, they will offer only lightweight assembly robots in which control system costs can be minimized through mass production."

Where the UK stands

BRITAIN'S INDIGENOUS robot makers include Hall Automation (now part of GEC), Moulumation, Workmaster, Taylor Hi-Tek and Pendar Associates.

GKN Lincoln Electric has a licensing agreement with Yaskawa of Japan, Fairey Automation offers a range of Italian robots including the Jobot 10, DEA Pragma A3000, Camel, Gaitto and Elfin and Lansing Industrial Robots have a marketing agreement with Hitachi for their general purpose and Mr Aros arc-welding robots.

Ringway Power Systems distribute Swedish Kaufeldt robots, Marton Air offer a Swedish explosives handling robot, and Haden Drysys distribute Hitachi paint sprayers.

Babcock group market a welding robot built by its Italian subsidiary.

Tecalemit distribute German Niko robots, and Hydro Machine Tools, part of the 600 group distribute Fujitsu-Fanuc robots.

Grundy Robotics Systems is agent for Star-Seiki, Shinmiewe and Fuji equipment. Airstead Industrial Developments are selling Seiko pick and place robots. Sykes group has formed a joint company with Dainichi of Japan to manufacture and sell its products.

Unimation, Cincinnati-Milacron of the U.S. and ASEA of Sweden have European operations in the UK. Electrolux of Sweden distributes through its UK agent George Kuikka.

The report is available from Creative Strategies, 01-741 4767, price 2,300 Swiss francs.

Acorn sets seeds for a Torch

THE DESIGNERS who developed the successful BBC microcomputer for the teach yourself programming television series, have now turned their attention to the business world.

Through a new company called Torch, a British microprocessor has been launched specifically for low cost business applications.

In its simplest form the torch is capable of handling telex, Prestel and teletext, storing data and then transmitting, via the telephone network, to other computer systems, as well as conventional computing.

Costing between £2,500 and £5,000 — depending on the configuration — the Torch microcomputer incorporates two microprocessors, the Z80 and 6502.

One processor handles the applications programmes such as word processing and financial planning, while the other controls the communications.

Torch Computers was formed early last year to produce a range of UK manufactured microcomputers and to assist Acorn Computers with the development of software and operating systems for the BBC contract.

According to the company, the Torch microcomputer design has benefited from experience gained during the development of the BBC microcomputer and Acorn's involvement in local area networks.

Torch Computers is owned by the Climar group and Acorn Computers. Climar is a business applications company and has adapted all of its existing software to run on the new microcomputer.

It says that software packages to cover most business applications such as stock control, financial planning, and payroll are available.

The Department of Industry has funded the development of the microcomputer under its MAP scheme. Funds amounted to about £40,000, with a further £200,000 provided by Barclays Bank.

The company says that full production will begin about June building up to a production of about 1,000 units a month by the end of the year.

Manufacture will be carried out at Torch's factory in the UK using as many British components as practicable.

However, it is likely to contract manufacture out eventually to companies such as ICL and Cleartone which already produce the BBC Acorn Computer.

Temperature probe

A TEMPERATURE probe suitable for −20 deg C to 500 deg C at a pressure of up to 420 bar has been introduced by Hydraulic Systems of 23 North Park Road, Harrogate (0423 509681).

The screw-on probe, designated the Hydra Test Temperature Probe—connects to a liquid crystal display. It can be used for random checks of fluid temperatures at selected points throughout any given system.

Journal of hard metals

MPR PUBLISHING of Shrewsbury (0743 64675) has launched the International Journal of Refractory and Hard Metals, while in Munich, Rohde and Schwartz, the electronics company, has published its English edition of its 308-page Measuring Instruments Catalogue. There are 12 chapters. The company is Rohde and Schwartz, Pressestelle, Muhldorfstr. 15, Postfach 80 14 69, D-8000 Munchen 80 (089) 41292625, or Telex 523 703.

Control for coatings

METCO of Chobham, Woking, has introduced a semi-automatic control unit for sprayed metal or ceramic coatings. Two models are available—one for flame-spray equipment where the deposit is produced from metal in wire form; the other where powder is used to provide metal for ceramic coatings. Full details from Mr J. T. Franklin at Chobham (09905 7121).

WORLD STOCK MARKETS

Dow easier at mid-session

STOCKS PRICES were mixed at mid-session in quiet trading as investors await some resolution of international and domestic uncertainties.

The Dow Jones industrial average was off about 1.14 to 836.95 at 1 pm. At noon the NYSE All Common Index was off 6 cents at $66.61. Advances just edged past declines on volume of 26.10m, against 28.78m at noon on Wednesday.

Analysts said the market was under pressure from the Falklands crisis, the possibility of a flare-up of tensions in the Middle East, and the lack of any federal budget compromise between Congress and the White House.

Investors were also worried by projections of a sharp increase in the weekly money supply, which could put upward pressure on interest rates.

Analysts noted that the federal funds rate on overnight loans between banks rose as high as 15¾ per cent yesterday after hovering around 14½ per cent earlier in the week.

Trading was featureless, with stocks in special situations the only significant movers. Reports of poor financial results brought down several stocks, including Time Inc. off $1¼ to $35¼, PPG Industries ½ to $32⅜ and Gillette 1⅛ to $35¼.

Texas Instruments rose 2⅜ to $86½, although the company announced lower earnings and said it plans further layoffs.

Hanna Mining fell 1⅜ to $31⅞. The firm is fighting a bid by Norcen Energy of $45-a-share for 42.7 per cent of Hanna's stock.

Telex Corp. was the volume leader due to a block of 1,199,800 shares that traded at eight, off ⅛. The shares were part of a debt-for-equity swap.

THE AMERICAN SE Market Value Index was off 1.54 at noon on volume of 1.97m shares (2.08m).

Closing prices for North America were not available for this edition.

Canada

Stocks were sharply lower at mid-session over a broad range with the Toronto Composite Index off 12.7 at 1,617.6 on trading of 2.34m shares.

Oil issues continued Wednesday's downward trend with the Oil and Gas index falling 71.9 to 2,318.7.

Dome Petroleum was off ⅛ at C$10⅛ in active trading. Texaco Canada fell ⅛ to C$25, Shell Canada dropped ⅜ to C$16⅝, and BP Canada declined ⅛ to C$30⅞.

Thirteen of the 14 major indices declined, with Golds falling 43.0 to 2,394.3.

Pipelines dropped 18.1 to 1,677.3 and Transportation retreated 32.5 to 2,084.4.

Montreal stocks were lower as the composite index fell 2.36 to 275.34 on trading of 315,230 shares.

Among the indices, oil fell 15.13 to 495.68, Utilities dropped 1.15 to 205.86, and Industrials declined 3.21 to 290.18.

Hong Kong

Stocks closed almost unchanged on pared losses, after trading quietly for most of the day.

Prices started lower in line with the easier Wall Street close, and moved in a narrow range because of a lack of enthusiasm. Thet Hang Seng Index closed off 2.55 at 1,201.26.

Hongkong Electric closed 15 cents lower at HK$5 after announcing an unchanged 18 cents final dividend on increased capital. Dealers said many operators were expecting a bonus issue.

Blue Chips were mostly steadier with Hongkong Bank up 10 cents to HK$15, Jardine Matheson 10 to HK$16.60 and Swire Pacific 'A' 10 to HK$10.90. China Light was unchanged at HK$12.40, HK Land was steady at HK$6.70, and Cheung Kong held at HK$15.80.

Second and third liners were little changed, with Carrian Investment unchanged at HK$4.075, Sino Land at 68 cents, Swire Properties at HK$6.35, Far East Consortium at HK$1.53 and New World at HK$4. Paul Y gained 12.5 cents to HK$4.75, but Tai Cheung lost 5 to HK$2.20 and Sun Hung Kai Properties fell 15 to HK$6.25.

Singapore

Share prices closed narrowly mixed with prices fluctuating uncertainly on bouts of buying support and profit-taking in selective moderate trading.

Fraser and Neave rose 10 cents to HK$6.20, Straits Trading 25 cents to HK$9.70 and Overseas Union Bank 20 cents to HK$5.30 while on the decline, Far East Levingston fell 17 cents to HK$ 4.40, Ex-all, Haw Par 14 cents to HK$3.04 and Overseas Chinese Bank 10 cents to HK$12.20.

Tokyo

Share prices continued to fall sharply on scattered foreign selling of market leaders. Waiting sentiment tended to dominate a quiet market because of a lack of fresh market-moving news.

The Nikkei Dow Jones average fell 60.67 to close at 7,120.86 on a volume of 190m shares, after falling 71.40 on Wednesday. The Tokyo Stock Exchange index was off 4.03 to 524.03.

Heavy Electrical Machinery manufacturers, Steels, Light Electrical companies, Precisions and Motors led the decline.

Hitachi fell Y22 to Y560, Nippon Electric Y11 to Y680, Nippon Steel Y3 to Y156, Sumitomo Metal Y5 to Y170, Minolta Y9 to Y399 and Mitsubishi Corporation Y12 to Y538.

Sumitomo Metal Mining lost Y60 at Y1,930, in spite of official confirmation of its Kyushu gold find, and it was followed down by other non-ferrous shares.

Drugs, issues related to Government spending, Foods, Chemicals and many other low-priced stocks declined and the second market fell sharply.

Australia

Investors inspired by a jump in gold prices sought leading mining stocks and pushed prices higher.

The Sydney All Ordinaries index was up 6.7 to 478.8. The Industrial index rose 3.3 to 628.6, the resource indicator gained 9.2 to 356.9.

Brokers said most buying was restricted to small investors who believed the market had reached bottom. They said volumes were low and the lack of scrip helped push prices up.

Strongest rises were among metal stocks with gold interests. Central Norseman was up 17 cents to A$4.02, GMK gained 10 to A$3.40, CRA firmed 13 to A$2.73, Western Mining improved nil 14 to A$3.67 and BOC increased 6 to A$1.31.

News Corporation was untraded after posting a 49 per cent profit fall for the December half to A$18.07m. Buyers offered A$1.50 compared to a last traded A$1.70.

Santos was 15 cents higher at A$4.65, Vamgas was up 20 to A$6.20. The Bank of New South Wales was steady at A$2.70, ANZ was unchanged at A$3.75. National put on 4 to A$2.48.

Germany

Leading shares extended opening losses to close a dull bourse session just above lows as the domestic bond market failed to pick up its recent rally and buying interest for stocks waned.

As the Commerzbank index fell to 715.0 from 724.6 on Wednesday, banks showed broad losses.

Johannesburg

Gold shares closed mixed in hesitant trading caused by international political tensions and bullion's erratic movements.

Heavyweight producers had Harties R3 higher at R50.00 and President Brand 75 cents lower at R36.00 while lesser priced issues moved between five and 25 cents either way.

NEW YORK

CANADA

BELGIUM (continued)

DENMARK

FRANCE

GERMANY

AUSTRIA

BELGIUM/LUXEMBOURG

HOLLAND

ITALY

NORWAY

SWEDEN

SWITZERLAND

AUSTRALIA

HONG KONG

JAPAN

JAPAN (continued)

SINGAPORE

SOUTH AFRICA

Financial Rand US$0.78 (Discount of 17½%)

BRAZIL

Indices

NEW YORK —DOW JONES

STANDARD AND POORS

NY. S.E. ALL COMMON

MONTREAL

TORONTO Composite	1650.2	1634.75	1626.5	1606.0	1056.3 (4.1)	1637.6 (16.3)

WORLD Capital Intl. (1/1/70)	—	133.0	133.5	133.2	147.2 (4/1)	128.1 (17/3)

(**) Sat April 3 Japan Dow 7,333.32. TSE 539.69.

Base values of all indices are 100 except Australia All Ordinary and Metals—500; NYSE All Comon—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Schlitz	1,516,100	16⅞	+ ⅛	Mobil	554,400	21⅞	—
IBM	1,277,400	63⅞	+1⅞	Warner Com.	536,300	56⅞	+1⅞
Exxon	739,800	28⅛	− ¼	Pac Gas El.	426,000	22⅞	—
Heublein	727,600	40⅛	+1¼	Sony	405,300	13	− ⅛
Hitachi	594,400	22½	—	ATT	389,400	55½	+ ½

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Confidence on rubber pact

SUFFICIENT consuming and producing members of the International Natural Rubber Organisation (INRO) are expected to have ratified the International Rubber Agreement by its April 15 deadline to make unnecessary the United Nations-sponsored meeting planned for next Monday in Geneva, INRO Council Chairman Mr Jack Sumner told Reuters.

He said that either the EEC on behalf of all its member states, or Italy individually was "confidently expected" to ratify the agreement yesterday, fulfilling the 80 per cent requirement as far as importing countries are concerned. On the exporter side, either Brazil or Thailand were also expected to ratify ahead of the deadline, he said.

After ratification by five producers including key exporters Malaysia and Indonesia, they were still short of their 80 per cent requirement. Eighteen importing members have ratified, leaving a shortfall which Italy, with a 4.1 per cent share, would adequately cover.

The agreement has been provisionally in force since October 1980, with the requirement that 80 per cent of both producing and consuming members must ratify within 18 months. This deadline was extended to April 15 at a special INRO session early in March.

If the deadline is not met, the Geneva meeting will go ahead with the 62 countries involved in the 1978 pact, followed immediately by an INRO council meeting on April 21.

Amax cuts molybdenum output

By Nancy Dunne in Washington

AMAX, the world's largest producer of molybdenum, has announced another drastic cut in production beginning in May from 65 per cent to 45 per cent of capacity in the company's large Colorado molybdenum slackened in the automobile, mines.

The largest Amax molybdenum cut ever occurs at a time when metal demand has construction and capital goods industries and all mining is sliding into depression. The move is expected to reduce Amax's 1982 molybdenum output at its two western mines to about 55m pounds.

Bacon and egg prices cut

BY RICHARD MOONEY

DANISH BACON rashers will be up to 6p a lb cheaper in the shops next week following a first-hand price cut announced yesterday. At the same time egg prices are expected to come down by 3p to 4p a dozen.

ESS-Food, the UK marketing arm of the Danish bacon factories' export association, has cut its price to wholesalers by £80 to £1,370 a tonne. Over a whole side, this would be equivalent to a little under 4p a lb, but the greater part of the reduction is likely to be concentrated on middle cut rashers which could be 4p to 6p a lb cheaper.

The market for fore-end joints and gammons has been relatively firm recently.

ESS-Food said the price cut followed cheaper offerings by British producers. "Although the market for ends has been good there was a risk that unless we took action competition from low-priced middles would undermine the demand for Danish sides," said Mr Svend Bernsen, the managing director.

He said consumer purchasing of bacon had been edging up over the last six months in spite of higher prices.

Once the cut has worked through to shop level it will be followed up with television and point of sale advertising.

Denmark's share of UK bacon deliveries in the first quarter of this year was 45.5 per cent, up 2 per cent from the same period last year when shipments were hit by a dockworkers' strike.

Goldenlay, Britain's biggest egg marketing consortium announced yesterday that it will be reducing prices next week by 3p a dozen for sizes one, two, three and four, and by 4p a dozen for the smaller sizes, five, six and seven.

It said the cut resulted from overproduction over the Easter holiday. This is a regular phenomenon at Bank holiday time when shop closures reduce demand but hens carry on laying as usual.

Upturn in lead market expected

HAMBURG—Pressure on world lead prices, which have fallen about 9 per cent over the past year, will continue for the next few months, but an upturn is probable in the second half of this year, the HWWA economic research institute said, here yesterday.

Prospects for a price recovery are due mainly to an expected revival in the U.S. automobile industry, whose recession contributed to a 3.2 per cent fall in the western world's lead consumption last year, it said. Higher consumer demand later this year is likely to persuade producers to build up their stocks of unrefined lead, which are low at the moment, and this in turn would push market prices up, it said.

Even if demand from the car industry does rise later this year, lead producers are likely to continue operating below capacity since their stocks of refined lead are high at the moment, the institute said.

Lead consumption in the western world is likely to rise slightly this year from the 3.8m tonnes consumed in 1981, but production is likely to remain unchanged at 3.8m.

Net western lead exports to socialist countries are also likely to remain unchanged from their 1981 level of 130,000 tonnes, meaning there should be only a small production shortfall at the end of the year to be made up from stocks, it said.

In London the Rio Tinto Zinc Corporation said it had no plans to shut down its copper mining operations in line with last week's move by Phelps Dodge of the U.S. Apart from its loss-making Spanish mine, most RTZ copper mines were low cost operations, it explained.

The company's copper operations were running at 90 per cent capacity and there were no plans to reduce this, RTZ chief executive Sir Alistair Frame said.

Reuter

Rise in UK cocoa use seen

By Our Commodities Staff

UK COCOA bean grinding figures for the first quarter of 1982, which should be published soon, are likely to show a rise of between 10 and 20 per cent compared with January-March last year, according to London traders. But they believe the rise represents displacement of cocoa butter and powder imports rather than an increase in end consumption.

Last year's first quarter grindings total was 21,400 tonnes, itself up 38 per cent from the comparable 1980 figure. Manufacturers are continuing to increase their grindings because of favourable margins compared with importing cocoa butter.

The projected UK first quarter rise is higher than those forecast this week by local traders in the U.S., unchanged to up 15 per cent, West Germany, up 1 to 5 per cent, and the Netherlands, up 5 per cent.

The market is generally expected to remain depressed, however, in view of the persisting overproduction problem—world stocks are expected to reach a 16-year high this season—and doubts about the ability of the International Cocoa Organisation to undertake effective price support measures with the funds available.

Soviet meat imports rise

BONN — The Soviet Union imported 980,000 tonnes of meat in 1981 after 820,000 tonnes in 1980 and 611,300 tonnes in 1979, the East Bloc Agricultural Newsletter said.

Quoting an official article in the "Ekonomiceskaja Gazeta," the private West German publication said Soviet butter imports fell almost 14 per cent in 1981 to 215,000 tonnes.

This indicates that butter supplies on the domestic market were further reduced last year as Soviet butter production fell in 1981, it said.

The newsletter gave the following 1981 import data: 556m eggs (against 737m in 1980), 41,000 tonnes coffee (48,300), 131,000 tonnes cocoa beans (126,800) and 213,000 tonnes of fresh vegetables (132,800).

FARMERS' VIEWPOINT

Warning sounds for pig breeders

YOU SHOULD be warned that in this article I have to declare an interest. A fair proportion of my farm's income is derived from a pig herd, and although at the moment things are not too bad, there are some rather frightening indications looming up which could damage this sector quite substantially.

Overall the present meat trade is quite strong, but this is due not to consumer demand but to shortages of beef and sheepmeat and to some extent pigs: slaughterings of which are are all down on the year before. The reasons for this are quite interesting. The beef herd, which produces pure-bred beef, is substantially down both in the UK and Ireland, where farmers have found that it is more profitable to produce milk or grain than beef.

In this they are following the European example where animals to be raised specifically for beef are a much lower proportion of the cattle herd than they are in the UK and Ireland. European beef is in the main produced from cows or cattle slaughtered as veal or at most what we would call the yearling stage.

In any case this decline in numbers is most fortunate for farmers, as consumer demand is very weak due to the high cost of beef. Many families, I understand, seldom buy a beef joint from one year's end to another, and this proportion is increasing.

The high price of sheepmeat at the moment is due to the workings of the EEC sheepmeat regime. This guarantees a firm price on a seasonal scale. The way this worked last year meant that it suited farmers better to sell the bulk of their lambs during the summer, so leaving many fewer to fatten during the winter and early spring.

There has been a good demand for these, particularly from the continent, to which they could be exported without the detriment of the clawback, the equivalent of the deficiency payment which has been unnecessary for the last three months. New Zealand has also been controlling arrivals of lamb so as not to harm the market.

These circumstances have been a great help to the pig sector, which in any case produces the cheapest meat other than poultry, and the immediate prospects are reasonable at present but could soon become difficult. Pigmeat is not supported in the same way as beef and sheepmeat by the EEC. There is no intervention support and private storage is of little real help.

By July things could be very different. The outbreaks of foot and mouth disease in Denmark have caused the Japanese and U.S. governments to stop all imports from Denmark of pork and bacon products. Last year Japan took 70,000 tonnes of pork from Denmark. The UK at the moment will allow the importation of bacon and ham from the rest of the country outside the affected areas. The situation regarding fresh pork is still unclear.

In any case the continuing ban on imports by the U.S. and Japan will increase supplies in store which would overhang the market.

The lamb situation could also change significantly as home supplies flood the market from June onwards. If the seasonal scale is on the same basis as last year, there could be very heavy supplies on the market. Prices could collapse and while sheep farmers would be protected by the subsidy and the consumer by the cheaper prices, pig farmers would be on their own.

By all accounts the lamb crop this year has been very good, certainly on the lowland farms where the bulk of fat lambs are produced. There is at the moment sufficient feed and the lambs look very well. The Meat and Livestock Commission has forecast an increase of 3 per cent in supplies, but this was before the lambing started. They could be much higher.

The joker in the pack is New Zealand. Last year 150,000 tonnes of New Zealand lamb were imported into the UK out of a total sent to the EEC of 170,000 tonnes. Well down on the 240,000 tonnes allowable under the regulation setting up the sheep regime. This year it has been decided to ship another 35,000 tonnes to this market although it has been stated that their arrival will be phased so as not to harm the balance of the market as they have done in the past.

There is a serious note in the still unresolved difficulty of New Zealand exports to Iran. That country took 100,000 tonnes last year and a contract covering 70,000 tonnes should have been signed some time ago but is still hanging fire. So serious is this situation that the New Zealand Meat Board has taken over the meat so that the exporters can survive financially. There is a possibility that much of this meat could be sent to the EEC — meaning this country — should the Iranian deal fall through.

This possibility is strenuously denied by the New Zealand authorities, but it is difficult to see where else in the world there is a viable market for this tonnage. I sincerely hope the Iranians will sign on the dotted line, and so prevent the prospective flood of lambs from becoming a cataract in which my pigs could drown.

John Cherrington

U.S. expects Soviet grain talks soon

WASHINGTON — Mr John Block, U.S. Agriculture Secretary, said he expects regular consultations between the U.S. and Soviet Union under their long-term grain agreement to be held in the near future, probably next month.

Other Administration officials said U.S. and Soviet representatives have been discussing dates for the talks, but no decisions have been made.

Mr Block told a meeting sponsored by the chamber of commerce that he expects the Soviet Union to be "a strong buyer" of U.S. grains in the months ahead, but he gave no specific figures. Over the past two months, he said, the Soviet Union has been a big buyer of U.S. feedgrains.

The Soviet Republic of Byelorussia aims to produce 7.7m tonnes of grain in 1982, the East Bloc Agricultural Newsletter said meanwhile.

The Bonn publication quoted the Republic's Agriculture Minister, Mr F. P. Senko, as saying yields of 2.53 tonnes per hectare would be necessary to achieve this aim.

It said official 1981 harvest figures are unavailable but 1981 average grain yields in the Republic were 1.92 tonnes per hectare. Based on the 1980 grain area of 3.12m hectares, the 1981 harvest would have risen to around 6m tonnes from 5m in 1980.

The newsletter said a good 1981 harvest was also indicated by increased deliveries by Byelorussia to the state, up 771,000 tonnes compared with 1980 to 1.8m tonnes.

The republic's farmers have increased the area sown to winter grains, especially winter rye, and summer wheat, oats and peas in the past few years.

Mr Senko said new strains of seed and advanced farming technology will be introduced in 1982.

The area under agricultural use in the Soviet Union declined by 1.1 per cent in 1981 to 214.9m hectares, the newsletter said.

Quoting official statistics, it said the grain area fell 0.8 per cent to 125.8m hectares with winter wheat area down to 20.3m hectares from 22.6m, summer wheat unchanged at 38.9m and summer barley at 30.2m against 30.1m hectares.

The area sown to cotton rose to 3.2m from 3.1m hectares and the sugar beet area fell to 3.6m from 3.7m.

The oilseeds area fell to 5.7m hectares in 1981 from 5.8m in 1980 with sunflowerseed down at 4.2m from 4.4m and soyabean area up at 864,000 hectares from 854,000.

The area sown to maize for animal feed and silage fell to 16.2m hectares from 17m while potato area was steady at 6.9m hectares.

In Washington the U.S. Department of Agriculture said East Germany's grain import needs in the current 1981-82 season may be above the 3.2m tonnes imported last season because of another disappointing grain crop in 1981.

The department said total output fell to less than 9.0m tonnes in 1981 from 9.6m in 1980 and, with stable livestock numbers, this will result in higher import requirements.

Reuter

BRITISH COMMODITY MARKETS

BASE METALS

BASE-METAL PRICES were easier on the London Metal Exchange following the poor performance in overnight U.S. markets which encouraged widespread profit-taking. Copper touched £894 before closing at £897.5, Lead fell to £333 prior to ending the day at £336.75 and Zinc was finally £415, after £410. Aluminium and Nickel closed at £594.5 and £3,125 respectively. Rumoured heavy purchases by the buffer stock manager lifted three months standard Tin at £7,370 in the late Kerb.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
HighGrde				
Cash	867.5 8.5	-8.25	868.5 9.5	-6
3 mths	896.5 7	-8.5	897.5-8	-6
Settlem't	868.5	-9	—	.....
Cathodes				
Cash	862.5-3	-8.75	864-.5	-5.75
3 months	891.5 2	-8.5	893-.5	-4.5
Settlem't	863	-10	—	.....
U.S. Prod.	—	—	*74-9	.....

Amalgamated Metal Trading reported that in the morning three months Higher Grade traded at £896.00, 96.50, 97.00, 97.50, 97.00, 96.50, 97.00. Cathodes, cash £862.00, three months £891.00, 91.50. Kerb: Higher Grade, three months £897.00, 96.50. Afternoon: Higher Grade, three months £895.00, 94.50, 95.00, 95.50, 96.50, 97.00, 97.50, 98.00. Cathodes, cash £864.00, three months £893.00. Kerb: Higher Grade, three months £898.50, 99.00, 98.50, 98.00, 97.50. Turnover: 17,050 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grade	£	£	£	£
Cash	7115-20	—10	7136-40	+8
3 months	7340-5	—10	7370-5	+10
Settlem't	7120	—10	—	.....
Standard				
Cash	7115-20	—10	7136-40	+8
3 months	7340-5	—10	7360-5	+10
Settlem't	7120	—10	—	.....
Straits E.	$29.44	..	—	.....
New York	—			

Tin—Morning: Standard, cash £7,115, three months £7,355, 50, 40, 45. Kerb: Standard, three months £7,350, 60, 70. Afternoon: Standard, cash £7,140, three months £7,370, 60, 70, 65, 70. Kerb: Standard, three months £7,365, 70, 75, 70, 80, 70. Turnover: 2,305 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	321-.5	—8	323-4	—4.37
3 months	334.5-5	—8.5	336.5-7	—5.37
Settlem't	321.5	—8	—	.....
U.S. Spot	—	.....	*26-30	.....

Lead—Morning: Cash £321.00, three months £333.00, 32.00, 32.50, 33.00, 33.50, 33.00, 34.00, 34.50, 35.00. Kerb: Three months £334.50. Afternoon: Three months £334.00, 34.50, 35.00, 36.00, 36.50, 37.00, 36.50. Kerb: Three months £337.00, 36.50. Turnover, 15,950 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	410.5-1	+.25	410.5 11.5	-1.5
3 months	413-.5	-1.5	413-.5-4	-2.5
S'ment	411	—	—	.....
Primw'ts	—	.....	*35	-9.5

Zinc—Morning: Cash £411.50, 11.00, three months £410.50, 11.00, 12.00, 13.00, 15.00, 14.50, 14.00, 13.50, 13.00. Kerb: Three months £414.50, 14.00, 13.00, 12.50, 12.00, 11.50. Afternoon: Three months £412.50, 13.50. Kerb: Three months £414.00, 15.00, 16.00, 15.00. Turnover: 14,425 tonnes.

Aluminm	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	572.5-5	-8.25	572-3	+3.75
3 months	595-.5	+3.75	594.5-5	—3.5

Aluminium—Morning: Three months £595.00, 96.00, 95.00. Kerb: Three months £596.00. Afternoon: Three months £596.50, 96.00, 95.50, 95.00. Kerb: Three months £595.50, 95.00, 95.50, 95.00, 94.50. Turnover: 12,075 tonnes.

Nickel—Morning: Cash £3,085, three months £3,140, 35, 40. Afternoon: Three months £3,135, 37, 35, 30, 25. Three months £3,125.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Spot	3085-90	-2.5	3060-70	-20
3 months	3135-40	—3	3120-5	-20

* Cents per pound. ‡ M$ per kilo. † On previous official close.

SILVER

Silver was fixed 5.05p an ounce lower for spot delivery in the London bullion market yesterday at 425.75p. U.S. cent equivalents of the fixing levels were: spot 748.5c, down 12.3c; three-month 776.1c, down 13c; six-month 803.1c, down 14.4c; and 12-month 856.1c, down 14.4. The metal opened at 427-430p (751-756c) and closed at the same level.

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l.	+ or —
Spot	425.75p	-5.05	427.5p	-5
3 months	439.35p	-5.05	441.9p	-4.5
6 months	453.05p	-6.15	—	.....
12months	480.40p	-5.80	—	.....

LME — Turnover 136 (141) lots of 10,000 oz. Morning: three months 440.3, 40.0, 40.5, 40.6, 40.0. Kerb: three months 440.0. Afternoon: three months 442.2, 42.5, 42.0, 41.8, 41.5, 41.3, 41.5, 42.0, 41.8. Kerb: three months 441.0.

COCOA

Futures opened higher as due against the New York close but eased on jobber profit-taking and hedging of modest Brazilian sales, reports Gill and Duffus.

COCOA	Yes'rday's Close	+ or —	Business Done
April	935-65	+10.0	—
May	973-74	+1.0	985-70
July	1010-12	—0.5	1021-05
Sept	1043-45	—0.5	1053-40
Dec	1082-85	....	1091-80
March	1108-14	—1.0	—
May	1128-32	—0.5	—
July	1145-49	—4.5	1148

Sales: 1,932 (1,946) lots of 10 tonnes.

ICCO—Daily price fob April 14: 76.68 (77.50). Indicator price for April 15: 77.43 (same).

COFFEE

Short-covering in thin conditions produced a steadier than anticipated opening, reports Drexel Burnham Lambert. Additional gains were met by mixed selling.

COFFEE	Yesterday's Close (£ per tonne)	+ or —	Business Done
May	1240-42	+15.5	1244-28
July	1172-75	+7.5	1178-63
Sept	1146-47	+9.0	1151-33
Nov	1134-38	+10.5	1133-30
January	1130-34	+9.0	1134-27
March	1130-40	+12.5	—
May	1120-30	+25.0	—

Sales: 2,353 (2,739) lots of 5 tonnes.

ICO Indicator prices for April 14. (U.S. cents per pound): Comp. daily 1979 123.96 (124.74); 15-day average 122.66 (124.03).

GAS OIL FUTURES

Thin conditions prevailed throughout as prices moved in a narrow range after an easier opening, reports Premier Man.

Month	Yest'day's close ($ U.S. per tonne)	+ or —	Business Done
April	277.50	+3.00	279.00-75.00
May	278.75	+1.00	281.00-76.00
June	278.25	+0.75	281.50-75.00
July	278.50	....	281.25-77.00
August	281.75	....	284.00-82.00
Sept	285.25	+0.50	287.00
Oct	288.50	+0.50	—
Nov	292.00	+1.50	—
Dec	295.50	+1.50	—

Turnover: 2,236 (3,008) lots of 100 tonnes.

GRAINS

Old crops opened higher, new crops unchanged. Profit-taking eased old crops back but prices recovered at the close. New crops eased slightly, Acli reports.

WHEAT			BARLEY	
Mnth	Yesterd'ys close	+ or —	Yest'rd'ys close	+ or —
May	118.99	+0.25	111.89	+0.05
July	122.50	—0.20	—	—
Sept	107.90	—0.05	103.75	—0.10
Nov	111.80	—	107.60	—0.10
Jan	115.70	—0.10	111.60	—0.15
Mar	119.45	—0.05	115.20	—0.10

Business done—Wheat: May 119.00-118.65, July 122.60-122.25, Sept 107.95 only, Nov 111.80 only, Jan 15.75-115.70, March 119.45 only. Sales: 200 lots of 100 tonnes. Barley: May 111.95-111.75, Sept 103.85-103.75, Nov 107.65-107.60, Jan 111.65-111.60, March 115.20 only. Sales: 107 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 1, 14 per cent: May 117.50, June 117.25, July 116.75 transhipment East Coast seller. English Feed fob: Sept 111 East Coast, Oct/Dec 115.50 East Coast seller. Maize: French: April 134.00 transhipment East Coast seller. South African White/Yellow May/June 93.50 seller. Barley: English Feed, fob: April 116 East Coast, May 116.75 King's Lynn, Aug 105.50 Boston. Rest unquoted.

HGCA—Locational ex-farm-spot prices. Feed barley: S. East 109.20, S. West 109.60, W. Midlands 111.30, N West 109.40. The UK Monetary Coefficient for the week beginning Monday April 19 is expected to remain unchanged.

RUBBER

The London physical market opened steadier, attracted little interest through the day and closed quiet. Lewis and Peat recorded a May fob price for No 1 RSS in Kuala Lumpur of —— (207.5) cents a kg and SMR 20 —— (181.0).

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
May	55.80-56.70	54.80-55.00	—
June	56.70-57.50	55.10-55.90	57.00
Jly-Sept	58.20-58.30	57.70-57.80	58.00-57.70
Oct-Dec	59.20-59.50	58.50-58.50	59.30-58.50
Jan-Mar	60.40-60.60	59.80-59.90	60.80-60.00
Apl-Jne	61.90-62.00	61.50-61.50	—
Jly-Sept	65.50-65.40	62.70-62.30	65.20
Oct-Dec	64.80-65.00	63.50-64.40	65.20
J'n-Mch	66.40-66.60	65.80-66.00	66.50

Sales: 595 (290) lots of 15 tonnes, 7 (nil) lots of 5 tonnes.

Physical closing prices (buyers) were: Spot 55.00p (54.25p). May 53.00p (52.75p); June 53.75p (53.50p).

SOYABEAN MEAL

The market opened 50p easier, reports T. G. Roddick. Prices remained in narrow ranges in quiet conditions.

	Yesterdys Close (£ per tonne)	+ or —	Business Done
April	141.50-45.0	—1.25	145.00
June	136.50-38.9	—0.15	136.80-36.50
August	136.50-37.0	—	136.60-36.50
October	137.50-37.7	—0.25	141.00-35.00
Dec	140.20-40.5	—	140.80
Feb	142.40-42.9	—0.50	142.20
April	145.00-45.8	—0.75	—

Sales: 297 (387) lots of 10 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £142.00 (£141.00) a tonne cif Apr.-May shipment. White sugar daily price £154.00 (£152.00).

In a market lacking incentive trading was confined within a £2.00 range, reports C. Czarnikow.

No. 4 Con-tract	Yesterday close	Previous close	Business done
	£ per tonne		
May	148.25-48.30	148.80-48.85	148.60-47.25
Aug	152.50-52.60	152.80-52.70	153.80-51.50
Oct	157.00-57.50	157.75-58.00	158.00-57.00
Jan	160.50-61.75	160.75-62.00	—
March	157.50-57.75	168.00-68.25	168.75-67.25
May	170.25-70.50	170.50-71.00	171.75-70.50
Aug	174.00-74.75	174.50-75.40	175.75

Sales: 3,374 (5,005) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £374.00 (same) a tonne fob for home trade and £250.00 (£249.00) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for April 14: Daily price 10.09 (10.10): 15-day average 10.52 (10.67).

COTTON

LIVERPOOL—No spot or shipment sales were registered. Caution pervaded the market and trading was at a low ebb. Few inquiries were received, mostly in the Middle Eastern range, but African qualities were not entirely neglected.

WOOL FUTURES

BRADFORD—There was some enquiry and new business but not at higher prices. The Falkland Island crisis has had little effect and interest centres on order books and machinery activity for the year. Problems surrounding South American wool are either for speciality types or related to shipping difficulties which are not always due to the threats of war.

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. May 391, 407, 391-390; Augs 413, 417, 418-412; Oct 422, 426, 423-416; Dec 420, 424, 424-415; Jan 423, 423, 425-416; March 431, 436, 436-431; May 437, 446, 446-437; Aug 448, 456, 453-445; Oct 440, 450, 455. Sales: 125.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. May 555.5, 556.0, 556.0-552.0; July 553.6, 554.0, 554.0-552.0; Oct 27.5, 527.5, 529.0-527.0; Dec 527.0, 529.0, 530.0-528.0; March 531.5, 532.5, 533.0-531.5; May 526.5, 527.5, untraded; July 546.0, 547.5, untraded; Oct 542.5, 543.9, untraded. Sales: 152.

POTATOES

LONDON POTATO FUTURES — April and May were initially steady, opening at £82.50 and £89.00 respectively, and traded higher before easing back. May strengthened again towards the close, reports Coley and Harper. Closing prices. Nov 63.70, —0.10 (high 64.10, low 63.40): Feb 73.70, —0.30 (high 74.10, low 73.40); April 83.10, no change (high 84.00, low 83.00): May 92.50, no change (high 92.50, low 90.00). Turnover: 218 (723) lots of 40 tonnes.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 85.0 to 88.3. Veal: Dutch hinds and ends 124.5-129.0. Lamb: English small (new season) 110.0 to 115.0, medium (new season) 106.0 to 112.0, heavy (new season) 102.0 to 108.0. Imported: New Zealand—PL 64.8 to 66.5, PM 65.0 to 66.0, PX 63.5 to 65.0, YLs 62.5 to 64.5. Hoggets: English 87.5 to 96.0: Scotch 88.0 to 92.0. Pork: English, under 100 lb 41.0 to 56.0, 100-120 lb 45.0 to 55.5, 120-160 lb 41.0 to 53.5.

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated: Imported Produce: Oranges—Spania: 15kg Navels 42/130 4.60-5.50; Cyprus: 15kg Valencia Lates 3.80-4.60: Jaffa: 20kg Shamouti 50 5.50, 60 5.70, 75 5.60, 88 5.60, 105 5.45, 123 5.20, 144 5.20, 168 5.15; Moroccan: 16kg Valencia Lates 48/113 3.50-5.00. Mandarins—Spania: 3.50-5.00. Topaz—Jaffa: 53/90 5.25-6.10. Lemons—Cyprus: 10kg 2.60-3.20: Spania: trays 5kg 40/50 1.40-1.80; Jaffa: 16kg 105 4.80; U.S.: 17kg 5.00-8.00; Outspan: 15½kg 80/120 4.50-5.50, Grapefruit—U.S.: 16/17kg Texas Ruby 6.00-7.00. Florida Ruby 7.50-8.00; Cyprus: Large cartons 20kg 3.20-4.00, small cartons 16kg 2.80-3.20; Jaffa: 20kg 27 4.35, 32 4.55, 36 4.65, 40 4.75, 48 4.95, 56 5.60, 64 4.20, 75 4.00, 88 3.75. Ugli Fruit—Jamaican: 14/56 5.00-10.00. Ortaniques—Jamaican: 46/128 5.00-7.50. Apples—French: Golden Delicious 9kg 3.40-4.20, 18kg 6.00-8.20; New Zealand: 18kg Cox's Orange Pippins 12.50-13.00. Golden Delicious 9.00; Chilean: 18kg Granny Smith 11.00-11.20. Starking 11.00; S. African: 18kg Golden Delicious 9.50-11.00, Starking 11.00-12.00, Granny Smith 11.50-12.50; U.S.: 18kg Red Delicious 9.00-13.50. Pears—Chilean: 18kg Packham's Triumph 11.00-11.50; S. African: 15kg Packham's Triumph 8.50-10.00. Comice trays 3½kg 3.50, Beurre Bosc 34lb 8.50-9.50; Italian: Per pound Passacrassane 0.16-0.18; Dutch: 12kg Conference 7.80; Australian: 28lb Williams' Bon Chretien 8.00-8.50. Grapes—S. African: Waltham Cross 5.60-5.80, Barlinka 5.30-5.50; Chilean: 5kg Thompson 6.30-6.60. Plums—S. African: 5kg per tray Golden King 7.70. Strawberries—Spanish: 8oz 0.30-0.50; Israeli: 0.50; Italian: 8oz 0.45-0.50; U.S.: 12oz 1.20.

Melons—Colombian: 10-kg Green 4.80-6.00; S. African: White 4.00-5.00; Chilean: 15-kg Green 9.00; Guatemala: 10-kg White 4.50-5.00; Colombian: 10-kg Yellow 5.00-6.00. Water-Melons: Puerto Rican 10-kg 10.00. Pineapples—Ivory Coast: Each 0.35-1.00. Bananas—Colombian: 40-lb boxes 8.80-9.20. Avocados—Israeli: 3.00-3.80. U.S.: 6.00; S. African, 3.20-3.60. Mangoes—Kenyan: 8/16 4.00-5.00. Venezuelan: 6.00-8.00. Tomatoes—Canary: 6-kg 4.00-5.00; Dutch: 6-kg "A" 6.00. "C" 5.80; Moroccan: 6-kg 3.60. Onions—Spanish: 25-kg Grano 3/5 4.00-5.00; Chilean: 3/5 5.40-6.50. Capsicums—Canary: 6-kg Green 4.50-5.00; Dutch: 5-kg Green 5.50-6.00, Red 10.00-11.00, Yellow 16.00; Spanish: Green 4.60; Canary: Red 8.00. Spring Cabbage—French: 27/28-lb 4.20-5.00. Cabbage—Dutch: White 5.20-6.00, Red 3.60-4.00. Calabrese—Italian: 11-lb 4.00. Cauliflowers—Jersey: 24s 8.50; French: 24s 9.20-9.50. Carrots—U.S.: x 48 x 1-lb, per pound 0.20; Dutch: 22-lb 3.00, prepacked 3.80-4.00; Cyprus: 2.60-2.70. Cucumbers—Dutch: 12/14 2.80-3.00. Chicory—Belgian: 3-kg 2.00-2.20. New Potatoes — Canary: 12½-kg ware/mids 4.00, 25-kg ware/mids 8.00; Cyprus: 12½-kg boxes 4.60, 20-kg 6.40-6.50; Egyptian: Winter crop 20-kg 5.40, spring crop 20-kg 5.60; Jersey: Ware per pound 0.65-0.70, mids 0.80. Aubergines—Canary: 6-kg 4.00; Israeli: 8-kg 4.50; Dutch: 5-kg 5.50-7.00. Asparagus—U.S.: Per pound 1.40-1.60. Fennel—French: 11-lb 3.50. Celery—Spanish: 4.50-5.00. Courgettes—Kenyan: 5-lb 4.00-5.50; Cyprus: 4.00-5.50. Artichokes—Spanish: x 18/24 3.00-3.50. Melons—Senegal: Charentais 7/12 12.00.

English Produce: Potatoes—Per 55-lb, White 3.60-4.00, Red 3.60-4.10, King Edwards 3.60-4.30. Mushrooms—Per pound, open 0.50-0.60, closed 0.60-0.80. Apples—Per pound, Bramley 0.20-0.30, Cox's 0.25-0.38, Idared 0.16-0.22. Pears—Per pound Conference 0.16-0.30. Cabbages—Per 30-lb bag, Celtic/Jan King 3.00-4.00. Savoys—Per 30-lb 2.50-3.00. Lettuce—Per 12, round 0.80-1.20, Cos 10s 2.50. Onions—Per 55-lb, 40/80mm 1.50-3.00. Carrots—Per 26/28-lb 1.50-2.40. Beetroots—Per 28-lb, round 1.00-1.20, long 1.20. Swedes—Per net 0.90-1.20. Rhubarb—Per pound, outdoor 0.08. Leeks—Per 10-lb 1.20-1.40. Parsnips—Per 26/28-lb 1.40-2.00. Turnips—Per 26/28-lb 1.00-1.40. Cucumbers—Per package 2.00-3.00. Greens—Per 30-lb Kent 3.40-4.00. Tomatoes—Per pound D/E 0.45-0.50. Cauliflowers—Per 16/14 Kent 4.00-5.00.

*

GRIMSBY FISH—Supply moderate, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £7.00-£8.00, codling £4.20-£5.50; large haddock £5.80-£6.70, medium £4.50-£5.60, small £2.40-£3.60; large plaice £5.70, medium £3.50-£5.00, best small £3.60-£5.60; skinned dogfish, medium, £8.50, lemon sole, large £9.00; medium, £6.00; saithe £1.90-£2.50.

PRICE CHANGES

In tonnes unless otherwise stated.

	Apr. 15 1982	+ or —	Month ago
Metals			
Aluminium	£810/815	....	£810/815
Free Mkt.	$1005/1035	....	$1055/065
Copper			
Cash h grade	£869	—6	£847.5
3 mths	£897.75	—6	£876.75
Cash Cathode	£864.25	—5.75	£845.25
3 mths	£893.25	—4.5	£873.5
Gold troy oz	$353.25	—1.75	$323
Lead Cash	£323.5	—4.375	£342
3 mths	£336.75	—5.375	£349.5
Nickel	£3926	....	£3824
Free mkt.	245/275c	....	265/285c
Platin'mtr oz'y	£260	....	£260
Freemkt.	£201.40	—0.2	£174.50
Quicksilver†	$375/385	—5	$390/400
Silver troy oz	425.75p	—5.05	393.80p
3 mths	439.35p	—5.05	406.30p
Tin Cash	£7138	+8	£7205
3 mths	£7372.5	+10	£7410
Tungsten22.0lb	$120.38	....	$124.86
Wolfrm 22.40lbs	$102/107	—1	$113/116
Zinc Cash	£411	—1.5	£444
3 mths	£413.75	—2.5	£449.5
Producers	$860/900	....	$900
Oils			
Coconut (Phil)	$505u	—10	$485
Groundnut	$685y	—10	‡
Linseed Crude	‡	....	‡
Palm Malayan	$502.5v	....	$502.5
Seeds			
Copra Philip	$340y	....	$330
Soyabean (U.S.)	$272	+0.8	$262
Grains			
BarleyFut. Sep	£103.75	—0.10	£110.50
Maize	£134	....	‡
Wheat Fut.July	£122.50	+0.20	£116.65
No.2HardWint	‡	....	‡
Other commodities			
Cocoa ship't*	£975.5	....	£1092
Future May	£975.5	+7.5	£1076.5
Coffee Ft' July	£1173.5	+7.5	£1229
Cotton A.Index	71.15c	....	70.65c
Gas Oil May	$278.75	+1	$257.25
Rubber (kilo)	55p	+0.75	49.5p
Sugar (Raw)	£142y	+1	£148
Woolt'ps 64s kl.	394p kilo	....	388pkilo

‡ Unquoted. x May. v June. y April-May. u May-June. † Per 76-lb flask. * Ghana cocoa. n Nominal. § Seller.

AMERICAN MARKETS

Wednesday's closing prices

NEW YORK, April 14.

PRECIOUS METALS RESPONDED to the tense international situation with a sharp upsurge. Trade and arbitrage selling moved copper prices lower against the general trend. Coffee continued to decline on steady producer offering. Cocoa advanced smartly ahead of the major grind reports. Sugar finished slightly higher on a light EEC selling tender. The livestock complex closed higher as bullish fundamentals continued to assert themselves, while pork bellies were an exception as large profit-taking pushed values sharply lower, reported Heinold.

††Cocoa—May 1670 (1615), July 1673 (1636), Sept 1720, Dec 1774, March 1824, May 1864, July 1897. Sales: 3,720.

Coffee — "C" Contract: May 133.50-133.75 (133.98), July 122.25-122.50 (124.76), Sept 120.00-120.25, Dec 117.25-117.50, March 115.25, May 113.50-114.00. Sales: 3,160.

Copper—April 69.40 (70.15), May 69.80-69.90 (70.70), June 70.65, July 71.80-71.95, Sept 73.45-73.50, Dec 75.90-76.00, Jan 76.75, March 78.30, May 79.85, July 81.40, Sept 82.95, Dec 85.25, Jan 86.00. Sales: 5,500.

Cotton — No. 2: May 66.10-66.11 (66.02), July 68.12-68.15 (67.93), Oct 70.90, Dec 72.10-72.11, March 73.90-74.00, May 75.00-75.30, July 76.00-76.50. Sales: 3,100.

*Gold—April 369.0-370.0 (356.4), May 372.2 (359.1), June 375.0-376.5, Aug 384.0-385.5, Oct 393.8-394.0, Dec 402.0-402.5, Feb 411.0, April 419.0-423.0, June 429.8, Aug 439.5, Oct 449.4, Dec 459.3, Feb 469.3. Sales: 47,000.

Orange Juice—May 116.70 (115.60), July 119.40-119.50 (118.30), Sept 121.60, Nov 123.20-123.25, Jan 124.80-125.00, March 126.40-126.60, May 127.90-128.10, July 129.40-129.80, Sept 130.90-131.25. Sales: 500.

*Platinum—April 364.0 (349.8), July 368.0-370.5 (355.3), Oct 377.6, Jan 383.9, April 402.2. Sales: 2,539.

Potatoes (round whites)—Nov 76.3 (77.6), Feb 88.4 (86.4), March 90.5, April 102.0. Sales: 225.

¶Silver—April 759.5 (745.5), May 761.0-765.0 (748.0), June 773.3, July 780.0-782.5, Sept 805.0, Dec 829.7, Jan 839.2, March 857.9, May 876.6, July 895.3, Sept 914.0, Dec 942.1, Jan 951.5. Handy and Harman bullion spot: 759.00 (755.00). Sales: 9,300.

Sugar — No. 11: May 10.30-10.33 (10.27), July 10.56-10.58 (10.53), Sept 10.83, Oct 11.05-11.06, Jan 11.20, March 11.90, May 12.12-12.14, July 12.32-12.35. Sales: 6,610.

Tin—583.00-586.00 (585.00-587.00).

CHICAGO, March 1.

Lard—Chicago loose 25.25 (25.50). New York prime steam 26.75 traded (27.00).

Chicago Imm Gold—June 376.2-375.8 (362.2), Sept 383.0-389.2 (374.6), Dec 401.8, March 415.1, June 428.7, Sept 442.6.

Live Cattle—April 71.75-71.60 (71.42), June 67.95-67.85 (67.47), Aug 63.62-63.50, Oct 62.05-62.00, Dec 62.50, Feb 62.65, April 62.80.

Live Hogs—April 53.40-53.30 (52.85), June 57.25-57.15 (57.25), July 58.20-58.05, Aug 57.45-57.30, Oct 55.15-55.10, Dec 55.47-55.45, Feb 53.45, June 51.50.

‡‡Maize—May 280-280¼ (280½), July 290¼-290 (291¼), Sept 293¾-293½, Dec 297¼-297, March 310¼-310½, May 318½.

Pork Bellies—May 79.40-78.70 (79.85), July 78.35-78.60 (79.15), Aug 75.35-75.10, Feb 71.20-71.30, March 71.80, May 72.30, July 73.10.

†Soyabeans—May 651-652½ (652¼), July 664-665 (653), Aug 667-668, Sept 665½, Nov 673-674, Jan 685, March 693½, July 721½.

‖Soyabean Meal — May 189.5-189.8 (189.2), July 192.0-192.5 (192.1), Aug 193.5, Sept 195.0, Oct 195.0, Dec 198.0-197.5, Jan 199.5-200.0, March 205.0-206.0.

Soyabean Oil — May 19.65-19.67 (19.64), July 20.23-20.25 (20.21), Aug 20.55, Sept 20.80, Oct 20.90, Dec 21.20-21.25, Jan 21.40, March 21.70-21.80.

†Wheat—May 372½-373 (367¼), July 383½-384 (379½), Sept 396, Dec 414-414½, March 428, May 434.

WINNIPEG, April 14.

§Barley—May 124.80 (124.00), July 126.60 (125.90), Oct 127.80, Dec 126.70, March 123.50.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 224.84 (224.39).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lb). § $Can. per metric ton. §§ $ per 1,000 sq ft. ‡ Cents per dozen. †† $ per metric ton.

EUROPEAN MARKETS

ROTTERDAM, April 15.

Soyabeans—(U.S. $ per tonne): U.S. Two Yellow Gulfports afloat 272, April 253, May 253.50, June 253.50, July 259.75, Aug 257.70, Sept 258, Oct 255.10, Nov 265.10, Dec 268.50, Jan 273.75, Feb 277.60, Mar 281.70 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent protein unloading 245/245.50 — afloat 225/225 traded; afloat 226, April 230, May 229, April/Sept 230, May/Sept 229.50 sellers. Brazil Pellets afloat 231 to 243 (depending on position), April 242.50, May 240, May/Sept 240 sellers.

PARIS, April 15.

Cocoa—(FFr per 100 kilos): May 1093/1088, July 1125/1130, Sept 1165/1170, Dec 1217/1222, Mar 1252/1258, May 1274/1280, July 1293/1289. Sales at call: nil.

Sugar—(FFr per tonne): May 1825, July 1825/1835, Aug 1829/1840, Oct 1828/1832, Nov 1825/1835, Dec 1850/1872, Mar 1915/1920, May 1950/1965. Sales at call: 4.

INDICES

FINANCIAL TIMES

April 14	April 15	Month ago	Year ago
245.30	244.55	244.20	260.96

(Base: July 1, 1952=100).

MOODY'S

April 14	April 13	Month ago	Year ago
1003.9	996.0	991.0	114.1

(December 31, 1931=100)

DOW JONES

Dow Jones	April 14	April 13	Month ago	Year ago
Spot	126.17	126.85	123.28	408.27
Futr's	132.72	131.95	128.19	418.2

(Base: Dec 31 1974=100).

REUTERS

April 15	April 14	M'nth ago	Yearago
1614.8	1608.8	1583.7	1692.0

(Base: September 18, 1931=100)

Markets falter as tension mounts over Falklands
Share index falls 9.6 to 544.8—Gilts 5/8 lower

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Mar 29	Apr 15	Apr 16	Apr 26
Apr 19	Apr 28	Apr 29	May 10
Apr 30	May 13	May 14	May 24

* "New time" dealings may take place from 9.30 am two business days earlier.

Wednesday's *slightly* better trend on London stock markets proved to be short-lived as sentiment yesterday became increasingly unsettled about the Falklands crisis. Equities and Gilt-edged securities reacted nervously in the face of various rumours about the situation which spread through the market during the course of the day's trade.

Middle East uncertainties and talks of the possibility of an increase in short-term U.S. interest rates, although not major factors, also had an adverse impact. Against this backdrop, conditions remained thin and sensitive with leading *shares giving ground as dealers* backed away from light selling.

The tone deteriorated as the day progressed and falls at the close extended to double figures, but losses were usually out of proportion to the amount of business transacted. Measuring the trend, the FT 30-share index closed 9.6 down at 544.8 which makes a fall of 26.2, or 4½ per cent, since the Falklands crisis erupted two weeks ago.

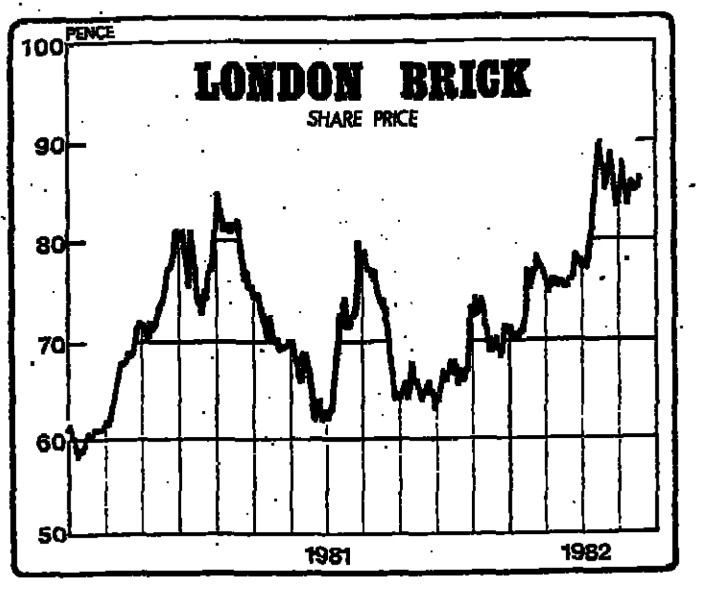
Leading Electricals lead yesterday's retreat, while Properties were depressed by adverse Press mention and interest rate worries. Banks remained under a cloud on continuing fears about Argentine assets.

The reaction in Gilt-edged securities also reflected the prevailing nervousness with quotations drifting lower on the occasional offering in the absence of any worthwhile support. Falls at the end of the day ranged to ⅝ in both short and long-dated stocks and the Government Securities index closed 0.31 down at 66.59.

Pearl down again

Further consideration of the disappointing preliminary results prompted a fresh decline of 14 in Pearl to 384p. Other *Life issues drifted down with* Britannic, 264p, and Equity and Law, 392p, both 6 lower. Sun Alliance, 6 cheaper at 796p, led the retreat in Composites, while Royals dipped 4 to 330p as did Eagle Star, to 366p. Elsewhere, Sedgwick fell 7 to 161p and C. E. Heath 5 to 310p.

Lloyds Bank cheapened 5 more to a 1982 low of 410p on continuing fears that the group's substantial Argentine assets might be frozen induced renewed selling. Other major clearers also became vulnerable, with NatWest closing 9 off at 406p, *Midland 6 lower at 306p* and Barclays 4 down at 438p. Still reflecting disappointing preliminary figures, Bank of Scotland shed 5 further to 400p. Discount Houses also trended lower: Union cheapened 10 to 415p and Cater Allen 5 to 305p.



Sellers continued to hold sway in leading Breweries, although the closing of bear positions left most above the worst. Whitbread closed a net 2 off at 98p, after 97p, while Arthur Guinness *reverted to unchanged at 79p*, after 77p. Grand Metropolitan lost 5 at 200p following institutional selling on revised fears of a pending rights issue.

A lengthy list of trading statements provided interest in the Building sector. London Brick added 1½ to 87p in response to the better-than-expected annual results; the company also announced that it had increased its stake in Brick and Pipe Industries of Australia to 19.9 per cent for a total consideration of $A9.18m. Aberthaw Cement also announced preliminary profits above market estimates and gained 25 to 345p, while Hewden-Stuart stayed at 31p despite the poor annual profits. *On the other hand*, disappointment with the full-year statement left Taylor Woodrow 20 down at 505p, while the £6.4m rights issue proposal that accompanied the preliminary results clipped 6 from F. J. C. Lilley, 160p. After the previous day's gain of 10 on the disposal of its aggregates business to Consolidated Gold Fields, Blue Circle closed 6 cheaper at 452p, after 450p; yesterday, the company announced a £7m U.S. acquisition. BPB Industries lost 10 to 402p on scrappy selling, while Redland, 175p, and RMC, 216p, shed 4 apiece.

ICI again lacked support and slipped to 310p before closing a net 4 off at 312p.

Habitat placing

Business in Stores again left much to be desired and the leaders finished a shade easier for choice. Marks and Spencer, 143p, and Burton, 174p, both *shed around 4, while Gussies A*, awaiting the outcome of the exploratory talks with Empire Stores, gave up 7 more to 478p. *The placing of around 3.5m* ordinary shares and 4m 9½ per cent convertible shares in Habitat Mothercare, believed to be the personal holding of non-executive director Mr Selim Zilkha, was easily absorbed by the market; the ordinary closed only a couple of pence cheaper at 134p with the convertible 3 points off at £103. Secondary *issues were again quietly irregular.* Cambined English firmed a penny to 36p, after 37p, the company's confident outlook eclipsing the reduced annual profits. Support was also noted for Martin Ford, 1½ better at 24½p, but Polly Peck met renewed profit-taking and eased 13 to 333p.

The Electrical leaders typified the generally quiet, dull trend, drifting lower on small selling and lack of support. Closing levels were the lowest of the day with GEC 14 lower at 792p and Plessey, 360p, and Thorn EMI, 420p, both 10 cheaper. Racal relinquished 5 at 373p. Elsewhere, Cable and Wireless came on offer and gave up 6 to 238p, *while falls of 7* and 10 respectively were seen in Unitech, 238p, and Lee Refrigeration, 210p. Forward Technology, *on the other hand*, jumped 13 to 38p, the £0.69m annual deficit being much better than the market had been expecting; sentiment was also helped by the Board's forecast of a quick return to profitability in the first-half of the current year. Dowding and Mills hardened a couple of pence to 34p in response to the interim results.

Ahead of preliminary results scheduled for next Wednesday, Hawker succumbed to renewed small selling and lost 8 to 290p. Elsewhere in Engineerings, Blackwood Hodge, at 20p, lost 4 of the previous day's gain of 7 after comment on the annual figures. Haden fell 6 to 197p and Matthew Hall 5 to 188p.

A certain amount of selling was *evident* in the Food sector, but losses were usually confined *to a couple of pence*. Cadbury Schweppes shed that much, to 97p, as did Northern Foods, 156p. Tesco and Brooke Bond *lost a penny apiece to 60p* and 52p respectively. Among secondary issues, William Morrison shed 6 to 156p on annual profits below best estimates, while Paterson Jenks, at 83p, relinquished 4 of the previous day's speculative gain of 7.

Hotel concern M. F. North shed a penny to 33p following the poor annual results.

Neil & Spencer fall

The Falkland Islands crisis continued to restrain interest in the miscellaneous industrial leaders which drifted lower on small selling. Unilever shed 10 to 605p and Beecham 7 to 224p and BOC 5 to 161p. Elsewhere, Neil and Spencer dropped 6 to 14p on the poor preliminary results and proposed £0.5m rights issue. Disappointing annual figures also brought about a fall of 3 to 21p in Rowan and Boden, while U.S. property worries clipped 5 from European Ferries, 72p. J. B. Holdings at 152p, lost 7 of the previous day's rise of 17 on profit-taking in the wake of the good annual figures.

Cape Industries came on offer at 110p, down 8, while Hanson Trust dipped 5 more to 148p and Chubb eased 4 to 113p. Having fallen 30 the previous day on talk that a bid may not materialise, Cawoods eased further to 250p yesterday before rallying smartly after-hours to close 3 better on balance at 263p. Reflecting the strong profits recovery, Camrex *touched 49p* before closing 2 dearer at 45p, while Pentlow added 5 for a two-day jump of 15 to 85p on the acquisition of a property company. Satisfactory trading news helped Morgan Crucible to harden a penny to 123p and St George's Group rose 4 to 111p on revived speculative support.

Ford dealers T. C. Harrison rose 3 to 83p following the increased preliminary profits and dividend. *Other Distributors* closed with modest falls. Henlys lost thte turn to 105p, while Harold Perry eased 2 to 98p.

Pearson Longman attracted renewed speculative support and rose 8 to 323p awaiting news of the talks with parent S. Pearson. In contrast, Associated Newspapers reacted 7 more to 208p lost the turn to 105p, while on profit-taking. Elsewhere, Richard Clay, the subject of an unsuccessful dawn raid by British Printing and Communication late last month, came in for revived support and rose 4 to 80p.

Sentiment in Properties was not helped by Press comment about competition from index-linked Government stocks and the possibility of further rights issues in the sector. MEPC finished a net 5 down at 202p, after 200p, and Land Securities 4 cheaper at 272p, after 270p. Great Portland Estates shed 8 to 162p and Halsemere Estates 6 to 356p, while Peachey, 137, Slough Estates, 128p, and Capital and Counties, 124p, all gave up 4.

Oils drift lower

Oils drifted lower on lack of support and occasional selling, Shell losing 8 to 382p and British Petroleum 6 to 284p. Burmah, at 135p, gave up 2 of the previous day's gain of 6 that stemmed from the good preliminary results, while Lasmo fell 17 to 323p following reports that the company is head of a list of potential buyers of British *Petroleum's 15 per cent stake in* the Beatrice Field. Profit-taking clipped 7 from Carless Capel, 163p, and 4 from Coudecca, 178p. NCC Energy dipped to 58p before new-time buying left the close 7 down on balance at 63p, while Clyde Petroleum closed 4 cheaper at 98p following the annual results. Elsewhere, Atlantic Resources gained 15 to 150p in response to a drilling report, but Global Natural Resources met further profit-taking and shed 15 for a three-day drop of 145 to 680p; the shares gained 210 last week.

Shippings lacked support and closed with losses across the board. Lyle were particularly dull on further consideration of the annual results and fell 20 for a two-day fall of 25 at 240p. Ocean Transport shed 3 to 116p, while Lofs gave up a couple of pence to 46p.

Among Far-Eastern issues, Straits Trading were marked 13 higher at 258p before dealing were suspended at that level following similar action in Singapore pending an announcement from the company.

Quiet Mines

A quiet and routine day's trading in South African mining issues reflected the minor fluctuations in the bullion price which moved narrowly prior to closing $1.75 easier at $363.25 an ounce.

The share market epened marginally firmer *following the* strength of the metal price in overnight transatlantic markets, but eased on modest profit-taking *and lack of buying interest.*

Thereafter, prices held reasonably steady and closed showing small losses. The Gold Mines index eased 0.3 to 266.9.

Among the heavyweights, Free State Geduld eased ¼ to £13¼ following news that two of the mine's shafts will remain closed pending an investigation into the damage caused by last Tuesday's earth tremor. Price movements in other heavyweights were minimal.

London-registered Financials drifted lower reflecting the weakness in UK equities. Charter *Consolidated* gave up 5 to 205p and Gold Fileds 2 to 391.

Rio Tinto-Zinc eased 3 to 419p following the 1981 results which were in line with the official forecast.

Leading Australian stocks made modest progress owing to a good performance in overnight Sydney and Melbourne markets.

The speculative end of the market provided features in Metramar Minerals, 5 up at a 1982 high of 21p, and York Resources, 4 firmer at a year's high of 30p; both companies are participants in a well due to commence drilling later this month in the VIC/P12 Bass Strait permit off the coast of Victoria.

Activity in Traded Options *continued to improve* and 1,154 deals were arranged—815 calls and 339 puts. Once again, call business was dominated by Imperial, which recorded 337 trades with 127 struck in the August 80's. Among puts, ICI and GEC attracted 94 and 92 deals respectively.

FINANCIAL TIMES STOCK INDICES

	April 15	April 14	April 13	April 8	April 7	April 6	A year ago
Government Secs	66.59	66.90	66.70	66.76	67.11	66.53	69.23
Fixed Interest	67.56	67.53	67.33	67.33	67.47	67.55	71.10
Industrial Ord.	544.8	554.4	551.6	560.5	561.5	553.0	568.5
Gold Mines	266.9	267.2	256.6	259.8	272.4	275.6	355.8
Ord. Div. Yield	5.75	5.64	5.67	5.60	5.60	5.67	5.78
Earnings, Yld.%(full)	11.48	11.28	11.35	11.18	11.36	11.32	11.28
P/E Ratio (net) (*)	10.90	11.09	11.05	11.19	11.05	11.11	11.09
Total bargains	15,615	14,005	15,558	16,052	18,111	29,256	21,400
Equity turnover £m.	—	84.03	95.03	94.38	135.04	206.86	159.14
Equity bargains	—	9,921	10,436	11,419	14,714	26,193	17,053

10 am 553.4. 11 am 550.3. Noon 547.3. 1 pm 547.6. 2 pm 545.5. 3 pm 544.6.

Basis 100 Govt Secs 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

*Nil = 10.03.

HIGHS AND LOWS

	1982 High	1982 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	69.55 (25/3)	61.89 (5/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	69.74 (2/4)	62.79 (7/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	579.8 (29/1)	518.1 (5/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	302.0 (6/1)	209.2 (9/3)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	April 14	April 13
—Daily Gilt Edged Bargains	155.9	147.7
Equities Bargains	64.3	67.6
Value	169.8	188.0
5-day Avrge. Gilt-Edged Bargains	175.2	183.7
Equities Bargains	94.2	108.8
Value	247.9	268.6

RECENT ISSUES
EQUITIES

Issue price p	Amount paid up	Latest Renunc. Date	1982 High	1982 Low	Stock	Closing price p	+ or −	Div. Amount	Times Covered	Gross Yield	P.E. Ratio
140	F.P.	14/5	148	140	AIM Group 10p	148	......	bd5.75	1.3	5.7	11.1
142	F.P.	26/3	212	186	Amersham	191	−3	b3.5	2.4	2.6	15.4
15	F.P.	15/4	28	19	Cambrian & Gen. 7½p	28	......	—	—	—	—
§102	F.P.	—	135	128	Dew (George)	126	......	g5.7	4.0	6.5	5.5
—	F.P.	—	25	21	Fleet Holdings 20p	22	......	—	—	—	—
—	F.P.	—	39	27	Greenfriar Warrants	39	......	—	—	—	—
§250	F.P.	14/3	250	250	✻Io Technology	252	......	—	—	—	—
§99	F.P.	5/3	93	89	✻Imm. Bus. Sys. 10p	89	......	—	—	—	—
‖	F.P.	—	275	257	✻Jebsens Drilling	257	......	b17.5	2.3	9.4	5.7
£120	F.P.	7/5	134	125	✻Leisure Inds.	125	......	b5.0	2.6	5.6	8.6
§130	F.P.	16/4	170	137	✻Oceonics 10p	160	......	bd1.5	4.7	1.3	17.1
‖	F.P.	—	30	30	Osprey Assets	30	......	F1.4	—	6.7	—
¶	F.P.	—	42	39	P. H. Industrials	39	......	b3.5	1.8	12.8	6.1
136	F.P.	13/5	141	136	Standard Secs.	136	−1	b2.8	1.2	2.9	40.8
¶¶	F.P.	—	90	70	Zambia Cons Cpr 10K	90	......	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1982 High	1982 Low	Stock	Closing price £	+ or −
§100	£25	30/7	35¾	25¾	Barclays 16% Ln. Stk	30¼	−¼
100	F.P.	14/4	116	110	Boddingtons Brew 9½% Cnv. Ln. 2000/05	112	−1
§100	£10	24/6	10½	10¼	Bristol Water 9% Pref.	10¼	—
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Credit Foncier de France 14¾% Ln. 2007	22	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Fleet Nat. 1¾% Conv. Uns. Ln. 1987	156	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Hunting Pet. 10% Cnv. Ln. 1987	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Int. Bank 14¾% Ln. 1987	27¼	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Lee Valley Wtr. Red. Prf. 1988	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Nationwide Bldg. Soc. 14¼%	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Do. 14¼% 4/4/83	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Queens Moat 10% Cnv. 90-91	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Ropners 11% Cum. Prf.	[illegible]	[illegible]
98.55	[illegible]	[illegible]	[illegible]	[illegible]	Trans-Canad Pipelines 16⅛% Notes 1987	22¼	[illegible]

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1982 High	1982 Low	Stock	Closing price p	+ or −
10	Nil	[illegible]	3½pm	1½pm	Ansbacher (H.) 5p	2pm	+¼
125	Nil	[illegible]	2½pm	2½pm	Bearer (C. H.) 10p	6½pm	[illegible]
A$1	Nil	[illegible]	6½pm	2½pm	Bond Corp	[illegible]	[illegible]
70	F.P.	15/3	108	[illegible]	Clyde Petroleum	[illegible]	[illegible]
40	F.P.	[illegible]	[illegible]	[illegible]	✻Energy Finance 10p	[illegible]	[illegible]
30	F.P.	[illegible]	60	50	First Castle 10p	[illegible]	[illegible]
20	Nil	[illegible]	16pm	14pm	Fisher (A.)	[illegible]	[illegible]
150	F.P.	23/3	168	164	Hunting Pet. Services	[illegible]	[illegible]
A$2.2	Nil	[illegible]	[illegible]	12pm	M.I.M.	[illegible]	[illegible]
18	Nil	[illegible]	[illegible]	4pm	North Kalgurli	4pm	[illegible]
6	Nil	[illegible]	[illegible]	1pm	Pittsburgh Op.	[illegible]	[illegible]
27	Nil	—	—	1½pm 1pm	Queens Moat	1½pm	+½
98	F.P.	16/4	4/6	100 99	Riley Leisure	99	—
74	F.P.	8/4	6/5	110 98	St. George's Grp. 10p	110	+5
119	F.P.	23/3	23/4	167 154	Security Centres	140	−3
11	F.P.	6/4	27/4	16 14	Shaw & Marvin 10p	14	—
10	F.P.	24/3	25/4	12½ 10½	Sturla 10p	10½	—

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *d* Dividend rate paid or payable on part of capital: cover based on dividend on full capital. *g* Assumed dividend and yield. *r* Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. *u* Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. ✻ Figures or report awaited. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ✻ With warrants. †† Dealings under special Rule. ✻ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Formerly dealt in under Rule 163(2)(a). ‡‡ Units comprising five ordinary and three Cap shares.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Beecham	224	−7	Land Sec	272	−4
Cable & Wireless	238	−6	London Brick	87	+1½
Glaxo	590	−2	Lyle Shipping	240	−20
Global Nat Res	680	−15	Pearl Assurance	384	−14
Grand Met	200	−5	Pearson Longman	323	+8
J. B. Holdings	152	−10	Taylor Woodrow	505	−20

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in S.E. Official List

Stock	No. of price changes	Wednesday's closing price pence	Day's change	Stock	No. of price changes	Wednesday's closing price pence	Day's change
Cawoods	34	260	−30	Blue Circle	8	458	+10
Burmah Oil	12	137	+6	Cns Gold Flds	8	393	+5
Blackwd Hodge	11	24	+7	Glaxo	8	592	+8
GEC	9	806	+5	Hambro Life	8	286	+1
RTZ	9	422	+10	ICI	8	316	—
Unilever	9	615	+2	LASMO	8	340	—
BICC	8	317	+2	Midland Bk	8	312	+4

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
April 5	April 26	July 15	July 26
April 26	May 7	July 29	Aug 9
May 10	May 21	Aug 12	Aug 23

For rate indications see end of Share Information Service

Stocks favoured for the call included Claremont Petroleum, Trident TV A, Sound Diffusion, Premier Oil, British Car Auction, Smith Brothers, Marshalls Universal, ICL, First National Finance, Celtic Haven, Chloride, North Kalgurli, Tilbury, Howard Tenens, KCA International, Inter-City, Charterhall and Amber Day. Puts were taken out in Lesney and Turner and Newall, while doubles were arranged in ICI, Tilbury, First National Finance, Acrow A and Charterhall.

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, April 14, 1982. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	50.08
Albania	Lek	3.7208
Algeria	Dinar	4.1875
Andorra	Fr. Franc	6.2605
	Sp. Peseta	106.82
Angola	Kwanza	30.214
Antigua	E. Caribbean $	2.7025
Argentina	Peso (1) (2)	11675
Australia	Dollar	0.9337
Austria	Schilling	16.865
Azores	Port. Escudo	72.22
Bahamas	Dollar	1.00
Bahrain	Dinar	0.3769
Balearic Is.	Sp. Peseta	106.82
Bangladesh	Taka	21.65
Barbados	Dollar	2.01
Belgium	Franc (O)	43.60
	Franc (F)	50.65
Belize	Dollar	2.00
Benin	C.F.A. Franc	314.025
Bermuda	Dollar	1.00
Bhutan	Ind. Rupee	9.4075
Bolivia	Peso	43.565
Botswana	Pula	0.9346
Brazil	Cruzeiro	150.245
Brunei	Dollar	2.1495
Bulgaria	Lev	0.942
Burma	Kyat	8.4516
Burundi	Franc	90.00
Cameroun Rp.	C.F.A. Franc	314.025
Canada	Dollar	1.2245
Canary Is.	Sp. Peseta	106.82
Cape Verde Is.	Escudo	36.51
Cayman Is.	Dollar	0.835
Cent. Af. Rep.	C.F.A. Franc	314.025
Chad	C.F.A. Franc	314.025
Chile	Peso (O)	39.00
China	Renminbi Yuan	1.8692
Colombia	Peso (O)	61.57
Comoros	C.F.A. Franc	314.025
Congo (People's Rep.)	C.F.A. Franc	314.025
Costa Rica	Colon (O)	[illegible]
Cuba	Peso	[illegible]
Cyprus	Pound	[illegible]
Czechoslovakia	Koruna (O)	[illegible]
Denmark	Krone	8.1097
Djibouti Rp. of	Franc	176.50
Dominica	E. Caribbean $	2.7025
Domin. Rep.	Peso	1.00
Ecuador	Sucre (O)	25.00
	Sucre (F)	42.18
Egypt	Pound (O)	1.4493
	Pound (1)	1.2151
El Salvador	Colon	2.50
Eq'tl Guinea	Ekuele	215.64
Ethiopia	Birr (O)	2.0391
Faeroe Is.	Dan. Krone	8.1097
Falkland Is.	Pound	1.7655
Fiji	Dollar	0.922
Finland	Markka	4.63
France	Franc	6.2605
Fr. Cty in Af.	C.F.A. Franc	314.025
Fr. Guiana	Local Franc	6.2605
Fr. Pac. Is.	C.F.P. Franc	111.585
Gabon	C.F.A. Franc	314.025
Gambia	Dalasi	2.3657
Germany (E)	Ostmark (O)	2.4157
Germany (W)	Mark	2.4157
Ghana	Cedi	2.75
Gibraltar	Pound	1.7655
Greece	Drachma	62.56
Greenland	Dan. Krone	8.1097
Grenada	E. Caribbean $	2.7025
Guadeloupe	Franc	6.2605
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	39.5905
Guinea Rep.	Syli	22.2118
Guyana	Dollar	3.1266
Haiti	Gourde	5.00
Honduras Rep.	Lempira	2.00
Hong Kong	Dollar	5.825
Hungary	Forint	[illegible]
Iceland	Krona	10.294
India	Rupee	9.4075
Indonesia	Rupiah	[illegible]
Iran	Rial	[illegible]
Iraq	Dinar	0.2955
Irish Rep.	Punt	[illegible]
Israel	Shekel	[illegible]
Italy	Lira	1328.25
Ivory Coast	C.F.A. Franc	314.025
Jamaica	Dollar	1.7834
Japan	Yen	[illegible]
Jordan	Dinar	[illegible]
Kampuchea	Riel	[illegible]
Kenya	Shilling	10.7445
Kiribati	Aust. Dollar	0.9537
Korea (Nth)	Won	[illegible]
Korea (Sth)	Won	[illegible]
Kuwait	Dinar	[illegible]
Lao P'ple D. Rep.	Kip	10.00
Lebanon	Pound	4.945
Lesotho	Loti	1.0547
Liberia	Dollar	1.00
Libya	Dinar	0.2961
Liechtenstein	Sw. Franc	1.9425
Luxembourg	Lux Franc	43.60
Macao	Pataca	[illegible]
Madagascar D. R.	Franc	[illegible]
Madeira	Port. Escudo	72.22
Malawi	Kwacha	[illegible]
Malaysia	Ringgit	[illegible]
Maldive Is.	Rufiyaa	[illegible]
Mali Rep.	Franc	628.05
Malta	Pound	[illegible]
Martinique	Local Franc	6.2605
Mauritania	Ouguiya	[illegible]
Mauritius	Rupee	[illegible]
Mexico	Peso	45.88
Miquelon	Fr. Franc	6.2605
Monaco	Fr. Franc	6.2605
Mongolia	Tugrik (O)	[illegible]
Montserrat	E. Caribbean $	2.7025
Morocco	Dirham	[illegible]
Mozambique	Metica	[illegible]
Namibia	S.A. Rand	1.0547
Nauru	Aust. Dollar	[illegible]
Nepal	Rupee	13.20
Netherlands	Guilder	[illegible]
Neth. Ant'les	Guilder	1.80
New Zealand	Dollar	[illegible]
Nicaragua	Cordoba	10.00
Niger Rp.	C.F.A. Franc	314.025
Nigeria	Naira	[illegible]
Norway	Krone	[illegible]
Oman Sultanate of	Rial	[illegible]
Pakistan	Rupee	[illegible]
Panama	Balboa	1.00
Papua N.G.	Kina	[illegible]
Paraguay	Guarani	126.00
Peru	Sol	[illegible]
Philippines	Peso	[illegible]
Pitcairn Is.	N.Z. Dollar	[illegible]
Poland	Zloty (O)	80.00
Portugal	Escudo	72.22
Port. Timor	Escudo	n.a.
Puerto Rico	U.S. $	1.00
Qatar	Riyal	3.6397
Reunion Ile de la	Fr. Franc	6.2605
Romania	Leu (O)	4.47
Rwanda	Franc	92.84
St. Christopher	E. Caribbean $	2.7025
St. Helena	Pound	[illegible]
St. Lucia	E. Caribbean $	2.7025
St. Pierre	Fr. Franc	6.2605
St. Vincent	E. Caribbean $	2.7025
Salvador El	Colon	[illegible]
Samoa (Western)	Tala	[illegible]
San Marino	It. Lira	1328.25
Sao Tome & Principe DR	Dobra	[illegible]
Saudi Arabia	Riyal	[illegible]
Senegal	C.F.A. Franc	314.025
Seychelles	Rupee	[illegible]
Sierra Leone	Leone	[illegible]
Singapore	Dollar	[illegible]
Solomon Is.	Dollar	[illegible]
Somali Rep.	Shilling (3)	[illegible]
	Shilling (4)	[illegible]
South Africa	Rand	1.0547
Spain	Peseta	106.82
Span. Ports in N. Africa	Sp. Peseta	106.82
Sri Lanka	Rupee	[illegible]
Sudan Rep.	Pound (3)	[illegible]
Surinam	Guilder	[illegible]
Swaziland	Lilangeni	1.0547
Sweden	Krona	[illegible]
Switzerland	Franc	[illegible]
Syria	Pound	[illegible]
Taiwan	Dollar (O)	[illegible]
Tanzania	Shilling	[illegible]
Thailand	Baht	23.00
Togo Rep.	C.F.A. Franc	314.025
Tonga Is.	Pa'anga	[illegible]
Trinidad & Tobago	Dollar	[illegible]
Tunisia	Dinar	[illegible]
Turkey	Lira	[illegible]
Turks & Caicos	U.S. $	1.00
Tuvalu	Aust. Dollar	[illegible]
Uganda	Shilling	78.00
Utd. A'b. Emir.	Dirham	[illegible]
Utd. Kingdom	Pound Sterling	[illegible]
Upper Volta	C.F.A. Franc	314.025
Uruguay	Peso	[illegible]
U.S.S.R.	Rouble	[illegible]
Vanuatu	Vatu	[illegible]
	Aust. Dollar	[illegible]
Vatican	Lira	1328.25
Venezuela	Bolivar	[illegible]
Vietnam	Dong (O)	[illegible]
Virgin Is. Br.	U.S. $	1.00
Virgin Is. U.S.	U.S. $	1.00
Yemen	Rial	[illegible]
Yemen PDR	Dinar	[illegible]
Yugoslavia	Dinar	[illegible]
Zaire Rp.	Zaire	[illegible]
Zambia	Kwacha	[illegible]
Zimbabwe	Dollar	[illegible]

n.a. Not available. (u) Market rate. * U.S. dollars per National Currency unit. (o) Official rate. (c) Commercial rate. (f) Financial rate. (1) Egypt—Floating rate fixed daily by Central Bank of Egypt for importers, Exporters, Tourists. (2) Argentina—Commercial and Financial rate combined 30/12/81. (3) Somali: Parallel exchange rates introduced July 1—for essential imports. (4) Somali: Exports and Non-Essential Imports and Transfers.

NEW HIGHS AND LOWS FOR 1982

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1982.

NEW HIGHS (23)

AMERICANS (5)
Chesebrough, Saul (B. F.), Citicorp, TRW Inc., IBM
BANKS (1)
Hongkong & Shanghai
BUILDINGS (1)
Ruberoid
CHEMICALS (1)
Coates Bros. 'A' N.V.
ELECTRICALS (1)
Dowding & Mills
ENGINEERING (1)
United Wire
INDUSTRIALS (4)
Bruntons (M'burgh.), Emhart Corp., Camrex, Pentlow
LEISURE (1)
Photax
PAPER (2)
Clay (Richard), Ogilvy & Mather
TEXTILES (4)
Beales (J.), Illingworth Morris 'A', Illingworth Morris, Yorklyde
OIL AND GAS (1)
Oil & Gas Prod.
MINES (1)
York Resources

NEW LOWS (122)

AMERICANS (1)
BANKS (5)
BUILDING (1)
DRAPERY AND STORES (6)
ELECTRICALS (5)
ENGINEERING (8)
FOODS (1)
HOTELS (1)
INDUSTRIALS (26)
INSURANCE (4)
LEISURE (3)
MOTORS (3)
PAPER (3)
PROPERTY (26)
SHOES (1)
TEXTILES (2)
TRUSTS (16)
OIL AND GAS (4)
OVERSEAS TRADERS (1)
RUBBERS (2)
TEAS (1)
MINES (2)

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	1	83	8
Corpns. Dom. and Foreign Bonds	2	18	56
Industrials	103	443	797
Financial and Props.	27	212	270
Oils	18	39	50
Plantations	5	3	15
Mines	43	33	84
Others	48	47	59
Totals	247	878	1,339

Six months rise at Land Investors

A RISE in pre-tax profits was shown by Land Investors for the six months to September 28 1981. The surplus moved ahead from £1.24m to £1.5m.

The interim dividend of this property investor has been held at 0.2p—in the last full year a total of 1p net was paid from pre-tax profits of £2.47m.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thur April 15 1982 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed April 14 Index No.	Tues April 13 Index No.	Thurs April 8 Index No.	Wed April 7 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (208)	356.40	−1.2	10.18	4.47	12.18	360.84	359.38	362.75	362.07	357.61
2	Building Materials (23)	316.39	−1.3	14.08	5.44	8.57	320.58	319.60	322.63	323.65	312.95
3	Contracting, Construction (28)	573.14	−1.8	15.33	5.06	7.72	583.91	582.82	588.25	584.63	505.45
4	Electricals (31)	1241.49	−1.5	7.49	2.39	17.07	1260.88	1254.87	1264.78	1264.49	1115.63
5	Engineering Contractors (9)	486.87	−0.1	13.78	6.22	8.54	487.28	483.19	489.86	486.66	477.12
6	Mechanical Engineering (67)	187.19	−0.8	12.17	6.06	10.01	188.72	187.70	189.98	189.72	221.07
8	Metals and Metal Forming (11)	157.03	−0.6	10.63	7.56	11.96	157.96	156.77	158.25	158.28	174.92
9	Motors (21)	92.42	−1.0	2.53	7.25	—	93.32	93.39	94.29	93.14	106.25
10	Other Industrial Materials (18)	362.35	−1.1	9.87	5.84	12.36	366.41	366.26	368.43	365.30	386.46
21	CONSUMER GROUP (201)	290.98	−1.2	12.81	5.75	9.57	294.67	293.85	297.41	297.42	277.98
22	Brewers and Distillers (21)	290.47	−1.0	16.28	6.72	7.41	293.28	294.22	301.01	300.97	301.06
25	Food Manufacturing (22)	266.64	−1.2	16.00	6.79	7.53	269.92	268.88	271.62	272.86	256.16
26	Food Retailing (14)	590.12	−0.7	9.12	3.39	13.38	594.34	592.10	593.29	591.43	534.58
27	Health and Household Products (8)	394.68	−1.7	8.67	4.10	13.43	401.58	398.85	402.97	401.28	384.56
29	Leisure (24)	437.09	−1.3	10.40	5.19	12.01	443.03	440.60	446.77	444.67	433.99
32	Newspapers, Publishing (12)	525.81	−1.1	10.57	5.95	12.88	531.73	532.71	530.60	532.78	491.86
33	Packaging and Paper (14)	141.64	−1.2	16.01	7.50	7.29	143.43	143.43	143.56	143.33	155.92
34	Stores (45)	265.26	−1.4	10.73	5.05	12.48	269.14	268.48	271.71	272.00	271.38
35	Textiles (23)	167.72	−1.8	9.84	5.99	13.20	170.81	169.34	170.66	170.32	164.15
36	Tobaccos (3)	304.82	−0.9	20.10	8.55	5.67	307.47	306.79	312.52	315.10	295.74
39	Other Consumer (15)	288.17	−0.7	1.74	5.48	—	290.24	289.46	289.73	289.46	293.28
41	OTHER GROUPS (78)	246.79	−1.6	13.63	6.31	8.84	250.74	251.43	253.53	252.94	236.69
42	Chemicals (16)	325.26	−1.4	13.85	7.11	8.61	329.82	328.78	333.11	333.28	290.48
44	Office Equipment (4)	118.69	−2.1	13.56	7.24	8.98	121.20	122.22	123.28	123.27	124.92
45	Shipping and Transport (13)	541.46	−2.5	19.57	6.82	6.09	555.37	558.09	562.58	561.78	635.75
46	Miscellaneous (45)	314.73	−1.4	11.79	5.21	10.39	319.28	321.62	322.76	320.85	296.91
49	INDUSTRIAL GROUP (487)	307.66	−1.3	11.96	5.36	10.26	311.67	310.98	314.19	313.88	298.40
51	Oils (13)	676.74	−2.1	18.95	8.59	6.15	691.22	690.85	696.16	683.59	834.33
59	500 SHARE INDEX	337.72	−1.4	13.08	5.88	9.27	342.58	341.77	345.30	344.02	342.87
61	FINANCIAL GROUP (117)	245.50	−1.5	—	6.70	—	249.12	249.56	252.11	252.55	259.68
62	Banks (6)	260.21	−1.6	40.25	8.23	2.72	264.32	263.21	268.30	270.14	254.09
63	Discount Houses (9)	219.35	−1.0	—	9.89	—	221.53	222.94	222.74	224.63	301.56
65	Insurance (Life) (9)	263.02	−1.0	—	6.87	—	265.62	265.83	267.03	264.75	268.92
66	Insurance (Composite) (10)	154.40	−1.1	—	9.16	—	156.09	156.36	157.95	156.09	160.28
67	Insurance Brokers (7)	464.85	−2.5	11.34	5.48	12.03	476.93	479.85	483.09	481.21	372.84
68	Merchant Banks (12)	147.70	−0.5	—	5.66	—	148.48	148.55	148.48	149.35	158.94
69	Property (49)	424.03	−1.9	5.13	3.59	26.02	432.18	434.73	438.96	442.83	501.31
70	Other Financial (15)	170.50	−1.3	19.17	6.69	6.25	172.80	173.79	174.26	174.34	171.08
71	Investment Trusts (112)	287.96	−0.6	—	5.60	—	289.56	288.73	291.03	290.87	301.15
81	Mining Finance (4)	285.74	−0.8	15.81	6.85	7.68	287.48	283.42	287.59	285.53	234.22
91	Overseas Traders (17)	365.68	−1.4	14.32	8.70	8.53	370.70	368.66	371.84	372.50	470.76
99	ALL-SHARE INDEX (750)	314.23	−1.4	—	6.07	—	318.56	317.90	321.19	320.34	324.15

FIXED INTEREST

	PRICE INDICES	Thur April 15	Day's change %	Wed April 14	xd adj. today	xd adj. 1982 to date
	British Government					
1	5 years	109.60	−0.26	110.27	0.98	3.99
2	5-15 years	107.66	−0.60	108.33	—	4.08
3	Over 15 years	109.77	−0.63	110.51	0.43	4.93
4	Irredeemables	115.77	−1.07	117.03	—	1.12
5	All Stocks	108.54	−0.50	109.52	0.43	4.23
6	Debentures & Loans	85.68	+0.04	85.65	—	3.51
7	Preference	63.64	+0.01	63.64	—	2.52

	AVERAGE GROSS REDEMPTION YIELDS	Thur April 15	Wed April 14	Year ago (approx.)
	British Government			
1	Low Coupons 5 years	12.36	12.25	11.41
2	Low Coupons 15 years	13.10	13.04	12.17
3	Low Coupons 25 years	[illegible]	[illegible]	[illegible]
4	Medium Coupons 5 years	[illegible]	[illegible]	[illegible]
5	Medium Coupons 15 years	[illegible]	[illegible]	[illegible]
6	Medium Coupons 25 years	[illegible]	[illegible]	[illegible]
7	High Coupons 5 years	[illegible]	[illegible]	[illegible]
8	High Coupons 15 years	[illegible]	[illegible]	[illegible]
9	High Coupons 25 years	[illegible]	[illegible]	[illegible]
10	Irredeemables	[illegible]	[illegible]	[illegible]
11	Debs & Loans 5 years	[illegible]	[illegible]	[illegible]
12	Debs & Loans 15 years	[illegible]	[illegible]	[illegible]
13	Debs & Loans 25 years	[illegible]	[illegible]	[illegible]
14	Preference	[illegible]	[illegible]	[illegible]

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

INSURANCE & OVERSEAS MANAGED FUNDS

INSURANCES

Abbey Life Assurance Co. Ltd.

1-3 St. Paul's Churchyard, EC4. 01-248 9111

Property Fund	226.0	237.9	.....	—
Equity Fund	49.9	52.6	+0.2	—
Property Acc.	264.2	278.2	.....	—
Equity Acc.	47.7	50.3	+0.1	—
Selective Fund	145.0	152.7	+0.2	—
Money Fund	164.3	173.0	.....	—
Convertible Fund	178.3	185.6	.....	—
Prop. Fd. Ser. 4	208.7	219.7	.....	—
Equity Ser. 4	53.5	56.4	+0.2	—
Man. Ser. 4	194.2	204.5	+0.3	—
Money Ser. 4	149.2	157.1	.....	—
Conv. Ser. 4	149.3	157.2	.....	—
Fixed Int. Fd. Ser. 4	113.3	119.3	+0.3	—
American Ser. 4	114.3	120.4	+0.7	—
High Inc. Ser. 4	114.3	120.4	.....	—
Pension Property	313.7	330.3	.....	—
Pension Equity	271.2	285.5	+0.8	—
Pension Selective	145.9	153.6	+0.2	—
Pension Managed	284.3	299.3	+0.5	—
Pension Security	217.3	228.8	.....	—
Pension Fixed Int.	109.5	115.3	+0.3	—

Albany Life Assurance Co. Ltd.

31, Old Burlington St., W.1. 01-437 9962

Equity Fd. Acc.	311.1	327.5	.....	—
Fixed Int. Acc.	188.4	198.3	−0.1	—
Gtd. Money Fd. Ac.	154.2	162.3	+0.1	—
Intl. Man. Fd. Acm.	145.7	153.3	−0.6	—
Intl. Fxd. Int. Fd.	106.9	112.5	−0.4	—
Prop. Fd. Acc.	158.1	166.4	.....	—
M'ple Inv. Acc.	245.3	258.2	−0.4	—
Equity Pen. Fd. Acc.	424.8	447.1	.....	—
Fixed I. Pen. Acc.	298.9	314.5	−1.2	—
G'td. Mon. Pen. Acc.	211.6	222.7	.....	—
Intl. Mn. PnFdAcc.	168.4	177.2	−0.9	—
Prop. Pen. Acc.	207.8	218.7	+0.1	—
M'ple Inv. Pen. Acc.	353.4	371.9	−0.7	—

AMEV Life Assurance Ltd.

2-6, Prince of Wales Rd., B'mouth. 0202 762122

Managed Fd.	192.9	203.3	+0.7	—
Money Fd.	141.8	149.3	−0.2	—

Crown Life—Continued

St. George Mngd. Fd.	108.4	114.1	.....	—
Lincs & Gen. Fd.	120.9	127.2	.....	—
Sage Fd.	85.0	89.4	.....	—
Heritage Fd.	96.3	101.3	.....	—
DBS Managed	103.6	109.0	.....	—
Crown. Brit. Inv. A		217.0	...	—
Pens. Mixed. Fd.	141.3	146.4	−0.7	—
Pens. Mang'd. Acc.	105.4	110.9	−0.6	—
Pens. Mang'd. Init.	102.5	107.8	−0.5	—
Pens. Equity Acc.	94.5	99.4	−0.4	—
Pens. Equity Init.	91.7	96.5	−0.4	—
Pens. Fxd. Int. Acc.	105.5	111.0	−0.1	—
Pens. Fxd. Int. Init.	102.5	107.8	−0.1	—
Pens. Money Acc.	106.4	111.9	+0.3	—
Pens. Money Init.	103.4	108.8	+0.3	—

Crusader Insurance PLC

Tower Hse., 38 Trinity Sq., EC3N 4DJ 488 0323

Growth Prop April 16	104.1	114.4	.....	—
Managed Pens Mar 10.	111.91	117.80	.....	—

Eagle Star Insur./Midland Assur.

1, Threadneedle St., EC2. 01-588 1212

Eagle/Mid. Units	72.7	75.4	−1.0	6.31

Equity & Law Life Ass. Soc. Ltd.

Amersham Road, High Wycombe. 0494 33377

UK Equities Fund	177.1	186.4	−1.9	—
Higher Inc. Fund	115.0	121.0	−0.8	—
Property Fund	188.0	197.8	.....	—
Fixed Interest Fund	134.5	141.5	−0.4	—
Index Linked Secs Fnd.	93.2	98.1	−0.2	—
Gtd. Deposit Fund	133.5	140.5	.....	—
Nth. America Fund	105.9	111.4	−0.7	—
Far East Fund	80.9	85.1	−1.3	—
International Fund	96.2	101.2	−1.0	—
Mixed Fund	159.7	168.1	−1.0	—

Equity & Law (Managed Funds) Ltd.

Amersham Road, High Wycombe. 0494 33377

Ind. Pen. Equity	179.9	189.3	.....	—
Ind. Pen. Property	139.1	146.4	.....	—

OFFSHORE AND OVERSEAS

NOTES

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked & Variable Rate

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

High	Low	Stock	Price	+ or –	Int.	Red.
65½	57	N.Z. 7½pc 1988-92	64½	.....	11.61	14.36
84	74¼	Do. 7¾pc '83-86	83	.....	9.31	13.77
150	136	S. Rhod 2½pc Non-As.	148	.....	—	—
66	58	Do. 3½pc 80-85 Asstd	64	.....	5.44	17.60
41	32	Do. 4½pc 87-92 Asstd	38xd	.....	11.84	18.30
372	318	Zimbabwe Ann (£100pd)	330xd	.....	—	22.69

LOANS

Public Board and Ind.

High	Low	Stock	Price	+ or –	Int.	Red.
66	57¼	Agric. Mt. 5pc '59-89	58	.....	8.80	15.03
29	24¾	Met. Wtr. 3pc 'B'	27¼xd	.....	10.95	13.43
110	103	U.S.M.C. 9pc 1982	110	.....	8.44	—
100	94	Do. without Warnts	100	.....	9.32	—

LOANS—Continued

Financial

Building Societies

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
338	210	ANZ SA1	227	+2	Q28c	3.3	7.6	4.0
253	205	Alexanders D. £1	205	-1	18.5	—	12.9	—
£61½	£56½	Algemene Fl.100	£61½	.....	Q26%	Φ	9.0	Φ
100	78	Allied Irish	78		Q43%	5.5	11.5	2.3
16¼	10⅞	Ansbacher (H.) 5p	12xr	+¼	t0.35	—	4.2	—
260	200	Bk. Ireland £1	205		Q28%	—	11.6	—
5	4	Bk. Leumi $0.1	5		Q16%	—	1.0	—
240	210	Bk. Leumi (UK) £1	210	-10	G10.15	—	7.4	—
180	153	Bk. N.S.W. $A1	163	+3	Q24c	2.9	8.8	3.9
518	400	Bank Scotland £1	400	-5	21.0	q4.5	7.7	3.1
510	432	Barclays £1	438	-4	¶22.0	5.1	8.6	2.9
240	220	Brown Shipley £1	233		h6.5	—	4.0	—
325	275	Cater Allen £1	305	-5	23.1	—	10.8	—

BANKS & H.P.—Cont.

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ENGINEERING MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

1982 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
185	137	Jardine M. $HK5	167	+9	q092c	ϕ	6.1	ϕ
242	187	Johnson Clnrs.	196xd	−2	7.7	ϕ	5.6	ϕ
295	245	Johnson Mthy. £1	248	−4	9.5	2.3	5.5	(9.2)
80	64	Jourdan (T.) 10p	70	......	5.25	0.6	10.7	(24.5)
48	40	Kalamazoo 10p	46	−1	2.5	0.9	7.9	20.8
170	135	Kelsey Inds.	170	......	8.0	2.1	6.8	9.6
152	138	Kennedy Sm. 10p	138	−1	‡4.38	4.1	4.5	7.3
310	255	Kershaw (A.) 5p	275	+10	21.75	0.5	11.3	(45.1)
51	41	Kleen-E-Ze Hldgs.	48	......	5.5	0.7	16.4	(14.8)
68	54	L.C.P. Hlds.	55	......	4.3	0.8	11.2	(16.8)
51½	39½	L.R.C. Intl. 10p	49	−1	2.5	1.6	7.3	11.1
46	36	Lawtex	36	−1	‡1.5	—	4	—
188	153	Lead Inds. 50p	177	−2	9.66	ϕ	8.1	ϕ
350	277	Lep Group 10p	330	−5	16.5	2.1	7.1	7.7
18	12	Lesney Prods. 5p	12	−2	—	—	—	—
37	34	Lilleshall 10p	34	......	3.5	—	14.7	—
50	39	Lon. & Liv. 10p	44	−4	†1.7	3.3	5.5	6.5
102	92	London & Mid'd.	92	......	7.75	1.1	12.0	(10.9)
50½	36	Lon. & Nthn. Grp.	49	−1	3.75	2.5	10.9	4.2
32	25	✠Lon. Prv. Health	32	......	—	—	—	—
9¼	6	Long Hmbly. 10p	6½	......	8—	—	—	—
46	36	Longton Inds.	40	−1	1.0	—	3.6	—
42	33	Lonsdale Univrsl.	42	......	1.0	0.9	3.4	(51.3)
195	115	Low & Bonar 50p	115	−3	7.0	ϕ	8.8	ϕ
33½	27	M.Y. Dart. 10p	28½	......	2.9	1.8	14.5	(4.6)
164	105	M'c'rthy Ph. 20p	156	......	7.0	2.8	6.4	7.2
82	70	Macfarlane Gp.	82	......	4.0	ϕ	7.2	ϕ
35	28	Macllellan 20p	34	......	1.43	1.7	6.0	(12.1)
86	67	Macpherson (D.)	81	......	4.2	1.5	7.4	11.8
62	53	Magnolia Group	60	......	2.3	ϕ	5.6	ϕ
106	95	Man. Ship Can. £1	95	......	—	—	—	—
49	41	Marley	41	−1	2.25	1.5	7.8	(10.9)
36	29	Marling Ind. 10p	35	......	‡0.94	3.0	3.8	(9.8)
48	33½	Marshall L'sy. 'A'	45	......	2.78	3.6	8.8	3.8
88	74	Marshall's Univ.	84	−2	0.1	—	0.2	—
37	28	Martin-Black	31	+1	—	—	—	—
£134	£101	Mathesons 7¾pc.	£108	......	Q7¾%	2.3	17.3	—

INSURANCE

LEISURE

LEISURE—Continued

1982 High	Low	Stock	Price	+ or −	Div. Net
45	33	Fairline Boats 10p	39	......	d1.0
42	22	Glasgow Pavilion 10p	22	−2	—
44	32	Grampian TVA 10p	42	......	2.75
146	107	HTV Non/Vtg.	126	......	†10.0
415	278	Horizon	387	−6	6.0
151	95	✠Intasun 10p	139	−2	b2.8
31	22	Lancaster (D. M.) 5p	26	......	‡0.7
159	112	LWT "A"	148	+1	†10.07
125	102	Mngmt. Ag. M. 10p	113	......	8.75
67	59	Medminster 10p	59	......	3.7
238	140	✠Nimslo Int 20c	190	......	—
40	33	Norton & Wr. 10p	36	−2	d1.0
74	65	Old Swan (H'gate) 10p	67	+2	q0.8
28	14	✠Owners Abroad	25½	......	H0.35
61	52	Photax (Lon.)	61	+2	3.5
232½	91	Pleasurama 5p	212xc	−3	h4.75
*121	84	Riley Leisure 10p	97½xa	......	§4.1
179	140	Saga Hols. 20p	146xd	......	‡h3.73
140	125	Samuelson 20p	135	......	d8.77
99	76	Scott. TV 'A' 10p	86xd	......	7.0
50	36	✠SelecTV 10p	46	......	—
17	13	TSW 5p	17	......	H0.6
42	31	✠TVS N/Vtg 10p	42	......	—
100	67	Trid'nt TV 'A' 10p	91	−3	4.26
255	115	21st Century Bay. Cpn.	215	......	—
27½	19½	Webb (Jos.) 5p	19½	−½	hd0.51
93	69	Zetters 5p	80	−2	2.75

MOTORS, AIRCRAFT TRADES

Motors and Cycles

1982 High	Low	Stock	Price	+ or −	Div. Net
20	14	B.L. 50p	17	......	—
120	93	Gen. Mts. Units	118	−1	Q12c
55	20	✠Hesketh Motor 50p	20	−5	—

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHERS

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

MINES—Continued

Central African

1982 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
120	75	Falcon Rh.50c.	90	......	Q25c	10.3	20.7
33	20	Wankie Col. Z$1	27	......	Q3c	1.2	8.8
21	16	Zam.Cpr.$BD0.24	18	......	—	—	—

Australian

1982 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
22	10	ACM 20c	14	......	—	—	—
7	2½	Argosy Gold NL 25c	3	......	—	—	—
151	62	Bond Corp.	65xr	......	gQ10c	2.3	9.8
76	63	Bougainville I Kina	76	+1	Q6½c	1.2	5.2
167	154	CRA 50c	162	+2	Q5c	—	1.8
17	9	Canada Northwest	9	......	—	—	—

Tins

Copper

Miscellaneous

1982 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
40	20	Anglo-Dominion	27	+2	—	—	—
16½	13	Burma Mines 10p	16	......	0.75	0.9	6.7
130	35	Colby Res. Corp.	55	+2	—	—	—
292	210	Cons. Murch. 10c.	240	......	Q60c	1.9	13.3
8	5½	‡‡Explaura Gold	6	+½	—	—	—
105	65	Highwood Res.	70	......	—	—	—
255	165	Northgate C$1	205	−10	—	—	—
468	412	R.T.Z.	419	−3	16.0	ϕ	5.6
£108½	£93½	Do.9½%Cv.Ln.95-2000	£98½	−½	Q9½%	ϕ	f9.9
20	12	Sabina Inds. C$1	17	+2	—	—	—
44	27	✠Southwest C. 10p	40	−2	—	—	—
500	270	Tara Exptn. $1	270	−30	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- ✠ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ✱ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value
- ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xk ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −
Albany Inv. 20p	40	......
Bertrams	17#	......
Bdg'wtr. Est. 50p	395	−5
Craig & Rose £1	£12¼	......

IRISH

Stock	Price	+ or −
Conv. 9% '80/82	£96	......
Nat. 9¾% 84/89	£68½	+⅛
Fin. 13% 97/02	£71⅜	+¼

OPTIONS

3-month Call Rates

Stock	Price	Stock	Price	Stock	Price
B.A.T.	38	"Mems"	12	Town & City	3½
Brown (J.)	7	Mrks. & Spncr.	12		
Burton Ord.	15	Midland Bank	30	**Oils**	
Cadburys	9	N.E.I.	9	Brit. Petroleum	26
Courtaulds	8	Nat. West. Bank	32	Burmah Oil	10
Debenhams	7	P & O Dfd.	14	Charterhall	6
Distillers	15	Plessey	32	KCA	14
Dunlop	6½	Racal Elect.	35	Premier	6
Eagle Star	31	R.H.M.	6½	Shell	30
F.N.F.C.	4	Rank Org. Ord.	20	Tricentrol	22
Gen. Accident	28	Reed Intnl.	26	Ultramar	38
Gen. Electric	65	Sears	6		
Glaxo	42	Tesco	5½	**Mines**	
Grand Met.	17	Thorn EMI	42	Charter Cons.	25
G.U.S. 'A'	45	Trust Houses	11	Cons. Gold	45
Guardian	25	Tube Invest.	13	Lonrho	7
G.K.N.	15	Turner & Newall.	11	Rio T. Zinc	42
Hawker Sidd.	30	Unilever	55		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 36

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES

Friday April 16 1982

Treasury ready to sign blank cheque for Falkland operation

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE TREASURY yesterday disclosed that it has agreed to sign a blank cheque for the cost of the Falklands operation.

Mr Leon Brittan, Chief Secretary to the Treasury, told a conference of businessmen in Oxford: "There is no cash ceiling on the cost of the operation. The needs of the task force must and will come first."

However, Mr Brittan added that there would be no question of breaching the Government's economic strategy to pay for operation.

He was no doubt intending to reassure the financial markets that the Government would not resort to inflationary finance if a protracted naval operation should threaten to burst the defence budget.

He cautioned that, at present, the extra cost of sending the task force on its mission represented a very small proportion of the £14bn allocated for defence this year.

Moreover, the extra cost of the operation had to be calculated only as expenditure additional to the cost of tasks to which the force would have been assigned otherwise.

Mr Brittan said: "There is, therefore, no cash or budegtary problem immediately in prospect."

He vigorously defended the Government's record in maintaining and strengthening the armed forces.

"Far from cutting defence spending, we have actually increased it from the level of £7.5bn in cash which we inherited in 1978-79 to £14bn today," he said. "This cash increase of over 85 per cent represents a real increase of about 11 per cent."

This year, there would be a significant real increase in spending on conventional naval forces compared with the year before the Government took office. Even when the expenditure on modernising the Trident nuclear deterrent was at its peak, real spending on the conventional navy would be higher than in 1978-79.

The Government had been criticised for the plan to get rid of the aircraft carriers Invincible and Hermes, but Mr Brittan said: "The significant feature of our defence policy today is that the current programmes of modernisation and rebuilding will actually leave us with more major ships and submarines operational in 1985 than there are today."

This was a direct result of the Government's decision to give defence increased spending priority.

Falkland's package Page 4
Feature Page 19

Stewards urge Massey strikers to stay out

By Arthur Smith, Midlands Correspondent

SHOP STEWARDS at Massey-Ferguson's Coventry tractor plant voted unanimously yesterday to urged the 3,300 manual workers to continue their strike, in spite of repeated management warnings of a threat to the company's future.

The Canadian multinational seems to have placed its hopes for an end to the union blockade of its biggest tractor factory on workers overturning the militant lead of their shop stewards.

A meeting of workers called for today will provide a key test in what has become a protracted and bitter dispute.

The main hope of defusing the damaging confrontation rested on the formal talks last night between management and shop stewards on redundancies.

Workers walked out more than two weeks ago in protest against the decision to dismiss 170 to complete a programme of 725 redundancies considered necessary to make the plant internationally competitive.

"The number of jobs now at issue because of the volunteers who have left since the strike began is down to about 30," Mr George Getlevog, Coventry district organiser of the Transport and General Workers' Union, said last night.

"Such a figure is negotiable and could be resolved around the conference table. But redundancies are no longer the issue. The company is now intent upon smashing the trade union movement within the Coventry plant."

He maintained that the company was copying the tactics of Sir Michael Edwardes, BL chairman, by seeking a blank cheque for radical new changes in work practices. Workers had already co-operated to achieve significant productivity advances, he said.

Mr Getlevog said Massey-Ferguson had "seriously misjudged the strength of feeling on the shop floor."

The situation was aggravated by the company's decision to "bypass the trade unions" and organise a secret ballot of the workforce through the Electoral Reform Society.

The unions are confident that workers will obey instructions to boycott the ballot, due to close tomorrow.

The company can take some satisfaction that its intative may have helped to force today's meeting, which it clearly believes offers a chance to end the dispute.

The company, following advice from Coventry police, pulled back from action on the controversial issue of regaining possession of the Coventry factory.

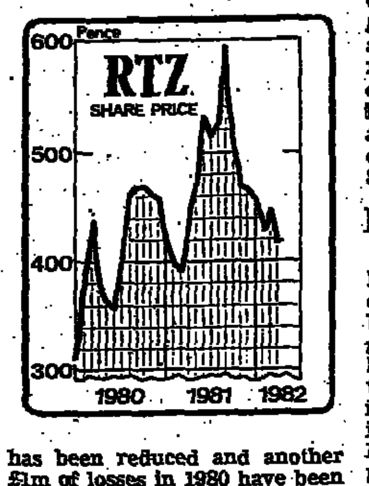
Pickets have barricaded the gates and prevented entry to 700 staff.

THE LEX COLUMN

Borax break for RTZ

Sustained chill winds from the South Atlantic and higher dollar interest rates kept the London markets under pressure yesterday, while some investment trust liquidations and the approaching end of an unhappy three-week account did not help. Both equities and gilt-edged tested the lowest levels of last Tuesday.

Index fell 9.6 to 544.8



RTZ

Some very poor results from Rio Tinto-Zinc operating companies, including a second half loss at CRA, had braced the market for a steep downturn in 1981 earnings. At £102.3m after minorities, they are marginally ahead of last month's forecast and 34 per cent down on last year.

This is still no mean performance for an industry close to the trough of an exceptionally deep cycle. Low average production costs, coupled with some tidy long term contracts, have kept copper production just in the black, while uranium and the industrial interests have held their own. But the star performer has been RTZ Borax. The combined advantages of a weak pound, new product applications and a dominant world market share have left its earnings 50 per cent higher at £51.6m.

The current year will show a substantial cash outflow, thanks to the recent acquisitions and a capital spending budget of over £500m. But the Tunnel/Ward cement operations will comfortably cover their financing costs and should begin to eat away at the UK tax charge. The balance sheet is in good shape and the maintained dividend was covered 2.6 times by historic earnings, so a more liberal distribution policy may be on the horizon as soon as base metal prices pick up. In the meantime, the yield is 5.6 per cent at last night's price of 419p.

Taylor Woodrow

Taylor Woodrow's performance for the full year has proved as flat as that of the first half. Pre-tax profits have emerged at £24.9m compared with £24.8m. In fact the underlying trend has been much healthier, since the little changed figure for associates — at £2.4m — contains a one-off loss of £4m in Trinidad. The company has recovered this shortfall in its UK North-Sea energy related services and through a boost to Nigerian earnings. Meanwhile, the loss at Blitman in the U.S. has been reduced and another £1m of losses in 1980 have been eliminated with the disposal of the Far East timber business.

The company remains one of the stronger contenders in the tough UK contracting market, and profits here have more or less been maintained. The expected decline in Middle East profits with the run down of major contracts has also been contained; the group has been bidding aggressively for contracts in the £20m-£50m range. House construction overall has held up, with a strong performance in North America counterbalancing a deterioration in the UK. A strong positive cash flow, and comfortable current cost cover have been factors persuading the Board that the special Diamond Jubilee payout in 1980 should be forever, so the 3p has been consolidated. Nevertheless the shares fell 20p yesterday to 505p, to produce a yield of 4.7 per cent.

London Brick

London Brick's policy of using a cushion of stocks to maintain steady production levels through the cyclical peaks and troughs took a hammering last year, as the collapse in demand left piles of unwanted bricks over half Bedfordshire. The company has had to lower its long-term demand projections and within the last year has reduced production capacity by 30 per cent. So in the second half of 1981 it has been able to go back to five-day working and make a start on reducing stocks. With a price increase that has stuck, pre-tax profits have emerged at £6.1m in the second half, to produce £11.2m for the full year against £10.7m.

The strain of holding stocks of more than 500m bricks means that the normal net cash position of the group has been transformed into one of net debt. Meanwhile, however, the company may decide shortly to go ahead with the first stage of a new plant—costing £28m—to replace at least some of the closed capacity. The dividend has been raised nevertheless, and the shares rose 1½p yesterday to 87p, where the yield is 8.3 per cent.

Lonrho

Lonrho's 15 per cent shareholder Gulf Fisheries may have done other holders a good turn by kicking up a fuss about the group's proposed increase in borrowing limits from twice to three times sareholders' funds, incorporating associate reserves into equity along the way. For Lonrho's latest circular completely fails to justify the proposals.

Since the ceiling is set as a multiple of shareholders' funds rather than an absolute figure, the fact that it has not been revised for seven years is irrelevant, and to call the new limit "wholly appropriate for a large modern international trading group" does not really mean anything. Lonrho makes the point that its acquisition of Kuehne and Nagel increases the need for working capital finance — but under the present limits it has a good £300m of headroom. Of course, in a risky world, a big write-off could whittle this margin down.

The boast that profits before interest and tax have risen from £98m to £157m in four years is no justification either; it might equally be said that retained earnings have fallen from £29m to £3m. Still, Lonrho has managed to keep its equity base—and thus its borrowing limit—moving ahead by property revaluations and by buying assets below book value and then crediting the difference to reserves.

In an appendix to the recent Monopolies Commission report on House of Fraser, Lonrho's bankers Standard Chartered Merchant Bank remarked that the borrowings needed to acq[illegible]re Fraser were, in the context of Lonrho, "not inordinately large." In the context of the published balance sheet, perhaps n[illegible]. But gross debt (as defined in the articles of association) last September was more than three times the present market capitalisation of £185m, and the proposed borrowing limit would be nearly eight times the company's market value. The yield on the shares is over 18 per cent.

Financial Weekly sold to Maxwell

By Ray Maughan

MR ROBERT MAXWELL, chairman of Pergamon Press and chief executive of British Printing and Communications Corporation, has stepped in to save Fleet Holdings' special publication, Financial Weekly, from threatened closure.

The magazine will appear again on Friday April 23.

Fleet Holdings announced earlier this month that the publication would fold before Easter.

However, a consortium of the staff, headed by Mr Ray Heath, the City editor, and Mr Tom Lloyd, news editor, approached Henry Ansbacher, the merchant bank, with a view to a buy-out.

Mr Maxwell said yesterday that the bank approached him in turn and he decided to buy the paper for a sum "not material enough to mention."

He had been deeply impressed by the quality of the journalists and by the fact that they were committing £50,000 of their nine months' redundancy entitlement from Fleet to take a 24.9 per cent holding in the publication.

The Financial Weekly is understood to have been losing more than £1m a year under Fleet's management, but Mr Maxwell was confident that "we shall break even this calendar year and make a profit in 1983."

A key factor, he stressed, would be elimination of a controlled, or free, circulation to 60,000 accountants since amalgamation last year with Accountants' Weekly.

Financial Weekly has a paid-for circulation of about 17,000.

The chairman of Financial Weekly is to be Mr Ron Hobbs, recruited earlier this month from the Longman Group to be joint managing director of Pergamon Press.

Mr Heath will join the board, and be appointed editor to replace Mr Stephen Hugh-Jones. Mr Lloyd will also join the board and act as temporary commercial manager.

The paper's editorial, advertising and distribution departments will remain at the Holborn offices for the time being, before moving to Maxwell House in Worship Street.

Go-ahead for revolutionary N. Sea oil output system

BY RAY DAFTER, ENERGY EDITOR

SHELL AND ESSO have been given Government approval for a revolutionary development system for their Central Cormorant oil discovery in the North Sea.

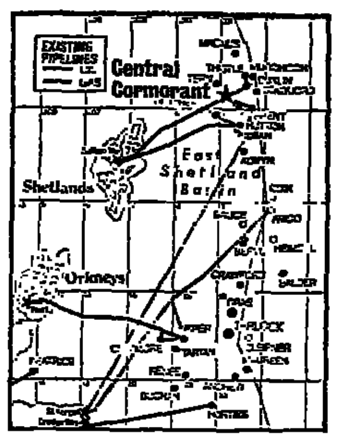
Under the £365m project the two companies will use a production system, placed on the seabed, to exploit reserves worth almost £2bn at present prices.

The Department of Energy has given the companies special development concessions which will partially exempt the project from production restrictions under any future North Sea depletion policy.

Shell, as operator for the development, said that it had not received all of the exemptions it sought.

"But the Department did give us sufficient scope to test the installation at maximum production, in view of the research and development implications of the project."

Central Cormorant, which is part of Shell-Esso's Cormorant complex of fields about 100 miles east of the Shetland Islands, has about 110m barrels of recoverable oil to be extracted in the next 25 years. Production, at up to 50,000 barrels a day, is due to begin in the summer of next year.



The heart of the production system will be a 2,200-tonne Underwater Manifold Centre, 172 ft long and 50 ft high.

This, based on an Esso design, will be controlled by an electro-hydraulic system from Shell-Esso's production platform on South Cormorant.

Maintenance, 490 ft below the surface, will be by a remote-controlled vehicle.

Shell applied for development consent in the form of a revision to the production agreement covering South Cormorant.

Under the normal terms of development approval Shell and Esso would have become vulnerable to any Government depletion controls from the end of 1983, four years from the start of South Cormorant production.

In view of the unique nature of the Underwater Manifold Centre, which will be used as a test bed for further underwater production systems, Shell asked for Central Cormorant to be exempt from depletion cuts. It is understood that the Energy Department compromised and provided an exemption until June 1985.

Under the development consent, Shell and Esso can drill nine production wells in Central Cormorant. It is expected that five of these will be drilled through the Manifold Centre and the remainder be satellite linked to the unit.

The system, which should be installed this year, was built near Rotterdam by the Hollandse Constructie Groep, which also carried out detailed design work.

Conceptual design was by Vickers Offshore. TRW Subsea Petroleum Systems worked on the detailed control system.

The first flow lines for Central Cormorant are due to be laid in the next few months.

UK living standards one-third lower than in U.S., says OECD

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

LIVING standards in Britain rank tenth among 15 of the world's largest industrial countries and are about two-thirds as high as those in the U.S., according to the latest survey published by the Organisation for Economic Co-operation and Development (OECD).

The comparisons, made on a relatively new basis which attempts to iron out distortions arising from exchange rate fluctuations suggest that the difference in living standards between the richest and the poorest countries in the sample is less than is often supposed.

The survey of 15 selected countries is based on so-called "purchasing power parities"—an index obtained by valuing a "basket" of 1,300 specific goods and services in local currencies and expressing the result in terms of a common standard.

This survey, for 1980, puts the living standards in the U.S. as the highest in the sample of 15 countries, which does not, however, include Sweden. Living standards were measured at total national income divided by the number of inhabitants and converted into a common currency through the purchasing power parity index.

Standards in the U.S. were shown as about three times those in Portugal, the poorest country in the sample.

The latest method of measuring living standards is claimed to be more reliable than the more usual calculation based on exchange rates. On the exchange rate basis, U.S. living standards ranked only seventh among the 15 countries, with West Germany on top.

On this basis the gap between rich and poor appeared to be wider, with living standards in West Germany 5½ times those in Portugal.

The OECD has also provided some more detailed information about the patterns of consumption in 24 member countries. They show that in 1979 the UK had the highest number of television sets in proportion to its population outside North America, with 394 sets per 1,000 inhabitants. The comparable figure for the U.S. was 635, for Japan 245, and for France 292.

But Britain is a long way down in respect of having a telephone or eating protein. The number of phones per 1,000 inhabitants in the UK was 477, the 12th highest out of the 24 countries and in equal place with Iceland.

There were nearly 800 telephones per 1,000 people in the U.S., 464 in West Germany and only 39 in Turkey, the country with the lowest population.

The OECD figures also showed that gross fixed capital formation in the UK in 1980 was the smallest as a proportion of output of any of the 24 countries except New Zealand. But investment in machinery and equipment in the UK as a proportion of output was 9.2 per cent, which compared favourably with the figures for most other countries.

I France investment in machinery and equipment was also 9.2 per cent of output (1979) while in Wset Germany it was 8.9.

Weather

DRY AND warm with sunny periods after early fog. Outbreaks of rain in the North later.

London, S. Central, W. and N.W. England, Wales

Dry sunny periods, early fog patches. Max. 14 C to 15C (57F to 59F).

N.E. England, Central and S. Scotland and N. Ireland

Sunny intervals at first becoming cloudy with rain in places. Max. 11C (52F).

Rest of Scotland

Cloudy, outbreaks of rain becoming brighter and dry. Max. 11C (52F).

Outlook: Mainly dry with sunny periods. Night frost in places.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	11	52	L. Ang.†	S	12	54
Algiers	C	14	57	Luxmbg.	S	10	50
Amsdm.	S	12	54	Luxor	S	33	91
Athens	C	21	70	Madrid	S	12	54
Bahrain	S	26	79	Majorca	C	14	57
Barclna.	F	15	59	Malaga	C	15	59
Beirut	S	21	70	Malta	S	21	70
Belfast	F	13	55	M'chstr.	S	14	57
Belgrd.	R	5	41	Melbne.		—	—
Berlin	F	11	52	Mx. C.†		—	—
Biarritz	S	10	50	Miami†		—	—
Bmghm.	S	15	59	Milan	C	10	50
Blackpl.	S	14	57	Montrl.†	C	2	36
Bordx.	S	12	54	Moscow	C	5	41
Boulgn.	S	12	54	Munich		—	—
Bristol	F	15	59	Nairobi	C	25	77
Brussels	S	12	54	Naples	F	20	68
Budpst.	C	8	46	Nassau		—	—
Cairo		—	—	Nwcstl.	S	14	57
Cardiff	S	15	59	N York†		—	—
Cas'b'ca	F	19	66	Nice	R	11	52
Cape T.		—	—	Nicosia	S	23	73
Chicago†		—	—	Oporto	S	16	61
Cologne	S	12	54	Oslo	F	10	50
Cpnhgn.	S	9	48	Paris	S	13	55
Corfu	F	22	72	Perth	S	21	70
Denver†		—	—	Prague	S	9	48
Dublin	C	14	57	Reykjvk.	R	5	41
Dbrvnk.	S	23	73	Rhodes	S	23	73
Ednbgh.	C	14	57	Rio J'o†		—	—
Faro	S	19	66	Rome	R	16	61
Florence	R	8	46	Salzbrg.	S	9	48
Frankft.	S	12	54	S F'cisco†		—	—
Funchal	F	19	66	S. Moritz		—	—
Geneva	C	8	46	Singapr.	C	28	82
Gibraltar	R	15	59	S'tiago†		—	—
Glasgow	F	13	55	Stckhm.	S	10	50
G'msey	S	10	50	Strasbg.	S	12	54
Helsinki	F	3	37	Sydney		—	—
H. Kong	F	24	75	Tangier	C	18	64
Innsbrk.	S	9	48	Tel Aviv	S	21	70
Invrnss.	C	11	52	Tenerife		—	—
I.o.Man	S	11	52	Tokyo	R	15	59
Istanbul	C	21	70	T'ronto†	S	0	32
Jersey	S	11	52	Tunis		—	—
Jo'burg	F	22	72	Valencia	F	16	61
L. Plms.	F	19	66	Venice	S	13	55
Lisbon	S	15	59	Vienna	—	9	48
Locarno	C	9	48	Warsaw	F	10	50
London	S	16	61	Zurich	S	11	52

C—Cloudy. F—Fair. R—Rain. S—Sunny.
† Noon GMT temperatures.

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Nigeria oil

of the United Arab Emirates, will chair the meeting. It will be attended by oil ministers of Algeria, Indonesia and Venezuela.

The meeting is due to take place amid reports of further downward pressure on Opec's $34 per barrel benchmark price. A Kuwaiti newspaper has reported that several Opec members, including Kuwait, are selling at prices well below the benchmark.

Iran, which has defied the Opec pricing accord, is offering its oil at between $25 and $27 per barrel, according to oil companies and diplomats in Tehran.

Sheikh Yamani, the Saudi Arabian Oil Minister, has said repeatedly that his country is prepared to reduce production to defend the $34 reference price.

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Argentina

day refused to confirm reports that at least part of Argentina's main naval fleet, at the Puerto Belgrano naval base, had set sail after being recalled to port at the end of last week.

As a possible confrontation approaches the Argentine Ministry of Defence has tightened secrecy over military movements.

Local Press reports say a renewed airlift is under way from the main supply bases of Rio Gallegos and Comodoro Rivadavia.

Suzuki picked to partner Indian state car company

BY K. K. SHARMA IN NEW DELHI

SUZUKI MOTOR of Japan has been chosen by the Indian Government to collaborate with state-owned Maruti Udyog to make small cars and other vehicles.

The two companies will invest Rs 2.5bn (£152m) in the project, marking the first big foreign investment in an Indian heavy industrial undertaking for more than a decade.

The award of the contract to Suzuki ends a 10-year search for a foreign partner for Maruti, which has never produced a car and which was founded by the late Sanjay Gandhi, son of Mrs Indira Gandhi, the Indian Prime Minister.

The company was nationalised two years ago when on the verge of liquidation.

The search for a foreign partner attracted nearly 12 vehicle-makers, including BL, Renault and Nissan.

Suzuki found favour because it offered to take a 25 per cent equity stake in Maruti and to market the new car eventually through its global network.

The Japanese company will transfer its latest technology for the manufacture of cars, eight-seater micro-buses and pick-up trucks with a pay load of about 600 kg.

Maruti hopes to begin commercial production by the end of next year and to make 20,000 vehicles in 1984. It hopes to achieve an annual capacity of 100,000 vehicles by 1988.

The small domestic car market, which is closed to imports, is served by two local manufacturers, Hindusthan Motors of Calcutta and Premier Automobiles of Bombay. Both companies make cars based on foreign designs more than 20 years old. Together they produced 30,538 cars in 1980.

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UK output

chemicals, coal and petroleum products sector, and in the engineering industry, increased by about 2 per cent in February over January, while the food, drink and tobacco sector increased its output by 3 per cent.

In spite of these impurovements, the recent trend remains downwards in all these sectors, except engineering.

However, the investment goods industries have shown a consistent, though rather slow, recovery throughout the past 12 months, with output 4½ per cent higher in February than it had been a year earlier.

After adjustments for flows of goods into and out of stocks, the figures for total production show a mild recovery between the first and third quarters of last year, and only a very slight improvement in the final quarter. Excluding North Sea oil operations, output fell slightly in the fourth quarter over the third.